

**BRIAN K. KROLICKI
NEVADA STATE TREASURER
IS SOLICITING PROPOSALS FOR**

MASTER SECURITIES CUSTODY SERVICES

REQUEST FOR PROPOSAL NO. 06-003

**DEADLINE FOR SUBMITTING QUESTIONS:
February 21, 2006**

**DEADLINE FOR SUBMISSION AND OPENING DATE & TIME:
March 2, 2006 @ 1:00 p.m. (Pacific Time)**

Project Abstract: Master securities custody services are being sought for Brian K. Krolicki, Nevada State Treasurer.

The actual RFP document consists of 98 pages.

A copy of this Request for Proposal (RFP) may be obtained by any of the following methods:

1. Retrieve the document from the State of Nevada, Purchasing Division's Web Page at: <http://purchasing.state.nv.us/> and click on "Current Services RFP Opportunities". **You will be responsible for checking the web site for any amendments.**
2. E-Mail us at <http://NevadaTreasurer.gov> or e-mail us at dvasey@NevadaTreasurer.gov and request a copy of the RFP be forwarded to you. Please include your company name, address, contact name, phone number and fax number. We will automatically send you any amendments or changes to the RFP.
3. Fill out this form and fax it back to us at (702) 486-2490. We will automatically send you any amendments or changes to the RFP.

Company Name: _____ Contact Name: _____

Phone No. _____ Fax No. _____

E-mail Address: _____

Address: _____ City: _____

State: _____ Zip: _____

State of Nevada
Office of the State Treasurer
101 N Carson Street, Suite 4
Carson City, Nevada 89701-4786

Kenny C. Guinn
Governor

Brian K. Krolicki
State Treasurer

Preferred method for receiving documents? **Fax** **Mail** **E-Mail**

Brian K. Krolicki
Nevada State Treasurer

Request For Proposal No. 06-003
for
Master Securities Custody Services

Release Date: February 3, 2006
Deadline for Submission and Opening Date and Time: **March 2, 2006 @ 1:00 p.m. (Pacific Time)**

For additional information, please contact:
Diana Vansickle, Deputy Treasurer of Investments
(702) 486-2488
(TTY for the Hearing Impaired: 1-800-326-6868.
Ask the relay agent to dial 1-702-486-2488/V.)

See Page 12, for instructions on submitting proposals.

Company Name _____ Contact Person _____

Address _____ City _____ State _____ Zip _____

Telephone (____) _____ Fax (____) _____

E-Mail Address: _____

If applicable, Vendor's State of residence governmental preference _____

Prices contained in this proposal are subject to acceptance within _____ calendar days.

I have read, understand, and agree to all terms and conditions herein Date _____

Signed _____ Print Name & Title _____

Page 1 of 96

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| 1. OVERVIEW OF PROJECT | 4 |
| 2. ACRONYMS/DEFINITIONS | 4 |
| 3. SCOPE OF WORK | 5 |
| 4. COMPANY BACKGROUND AND REFERENCES | 9 |
| 5. COST | 11 |
| 6. PAYMENT | 12 |
| 7. SUBMITTAL INSTRUCTIONS | 12 |
| 8. PROPOSAL EVALUATION AND AWARD PROCESS | 15 |
| 9. TERMS, CONDITIONS AND EXCEPTIONS | 16 |
| 10. SUBMISSION CHECKLIST | 20 |
| Attachment A | |
| CERTIFICATION OF INDEMNIFICATION AND COMPLIANCE WITH TERMS AND CONDITIONS OF RFP-PRIMARY VENDOR | 21 |
| CERTIFICATION OF COMPLIANCE WITH TERMS AND CONDITIONS OF RFP-SUBCONTRACTOR | 22 |
| Attachment B | |
| CONTRACT FORM | 23 |
| Attachment C | |
| REFERENCE QUESTIONNAIRE | 32 |

Attachment D

| | |
|--|----|
| SELECT INVESTMENT PORTFOLIOS | 35 |
| General Portfolio | 36 |
| LGIP | 40 |
| External Investment Manager, NVEST (Clark County) | 42 |
| PSF | 44 |
| External Investment Manager, PPCT (Trusco Capital) | 45 |
| External Investment Manager, General Portfolio (Atlanta Capital) | 48 |

Attachment E

| | |
|---------------------|----|
| INVESTMENT POLICIES | 50 |
| General Portfolio | 51 |
| LGIP | 69 |
| NVEST | 86 |

Attachment F

| | |
|--|----|
| SELECT NRS | 90 |
| NRS 355.060 Authorized and prohibited investments | 91 |
| NRS 355.140 Authorized and prohibited investments of state money | 93 |
| NRS 355.165 Local Government Pooled Long-Term Investment Account: Creation; administration; applicability of NRS 355.167 ; permissible investments; assessment of costs; computation of interest; establishment of subaccounts. | 94 |
| NRS 355.170 Authorized investments; disposition of interest. | 95 |

A Request for Proposals process is different from an Invitation to Bid. The State expects vendors to propose creative, competitive solutions to the agency's stated problem or need, as specified below. Vendors may take exception to any section of the RFP. Exceptions should be clearly stated in Attachment A (Certification of Indemnification and Compliance with Terms and Conditions of RFP) and will be considered during the evaluation process. The State reserves the right to limit the Scope of Work prior to award, if deemed in the best interest of the State NRS §333.350(1).

1. OVERVIEW OF PROJECT

The Nevada State Treasurer (State Treasurer) is responsible for the investment of monies of the State General Fund (General Portfolio), the Local Government Investment Pool (LGIP), the Permanent School Fund (PSF), the Nevada PrePaid Tuition Program (PPCT), the Nevada Enhanced Savings Term Program (NVEST), and any investment program that may be established by Nevada statute. All combined securities portfolios as of January 31, 2006 have a par value of approximately \$3,000,000,000 and are comprised mainly of United States Treasury and Agency obligations, selected money market instruments, corporate debt instruments, collateralized mortgage obligations, asset-back securities, and a limited number of equity mutual fund positions. The State Treasurer also is responsible for the lending of securities from the General Portfolio, the investment portfolios of its external money managers, and the investment portfolio of the LGIP. Copies of select investment portfolios, investment policies, and applicable NRS are attached as appendices to this document as “Attachments D, E, and F”. The State Treasurer is requesting proposals from qualified firms to provide master securities custody services for a period of four (4) years.

2. ACRONYMS/DEFINITIONS

For the purposes of this RFP, the following acronyms/definitions will be used:

| | |
|------------------------------------|---|
| <i>Awarded Vendor</i> | The organization/individual that is awarded and has an approved contract with the state of Nevada for the services identified in this RFP. |
| <i>Division</i> | Nevada State Treasurer |
| <i>Evaluation Committee</i> | An independent committee comprised of a majority of State officers or employees established to evaluate and score proposals submitted in response to the RFP pursuant to NRS §333.335 |
| <i>May</i> | Indicates something that is not mandatory but permissible. |
| <i>NAC</i> | Nevada Administrative Code |
| <i>NRS</i> | Nevada Revised Statutes |
| <i>RFP</i> | Request for Proposal - a written statement which sets forth the requirements and specifications of a contract to be awarded by competitive selection per NRS §333.020(7). |
| <i>Shall/Must</i> | Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive. |

| | |
|-----------------------------|--|
| <i>Should</i> | Indicates something that is recommended but not mandatory. If the vendor fails to provide recommended information, the State may, at its sole option, ask the vendor to provide the information or evaluate the proposal without the information |
| <i>State</i> | The state of Nevada and any agency identified herein. |
| <i>Subcontractor</i> | Third party, not directly employed by the vendor, who will provide services identified in this RFP. This does not include third parties who provide support or incidental services to the vendor. |
| <i>Will</i> | Expected or required. |
| <i>Vendor</i> | Organization/individual submitting a proposal in response to this RFP. |

3. **SCOPE OF WORK**

The State Treasurer maintains twenty-two (22) active securities custody accounts with the current vendor. As of January 31, 2006 they are:

| <u>Account</u> | <u>Approximate Par Value</u> | <u>Approximate Activity</u> |
|--|--|--|
| General Portfolio | \$1,800,000,000 | 5 purchases/day |
| LGIP | 645,000,000 | 4 purchases/day |
| PSF | 215,000,000 | 10 purchases/year |
| External Investment Managers (General Portfolio) | 70,000,000 70,000,000 70,000,000 | Each account is actively traded (purchases and sales) 120 trades/yr Monthly accounting is required for principal paydowns associated with collateralized mortgage obligations and asset-back securities. |
| External Investment Managers (PPCT) | 18,000,000 18,000,000 | Each account is actively traded (purchases and sales) 120 trades/yr. Monthly accounting is required for principal paydowns associated with Collateralized mortgage obligations and asset-back securities. |

| | | |
|--|-------------|--|
| External Investment Manager (PPCT) | 46,000,000 | Account is split between six (6) equity mutual funds. Requires the custodian to make one (1) purchase every month into each fund. |
| External Investment Managers (NVEST) | 230,000,000 | There are currently eleven (11) separate investment accounts managed by three (3) external money managers. Each account is actively traded (purchases and sales) 120 trades/yr per account. Monthly accounting is required for principal paydowns associated with collateralized mortgage obligations and asset-back securities. |
| Securities Lending Accounts | | There are two (2) segregated accounts encompassing the General Portfolio and the LGIP. They are actively traded on a daily basis. Volume on loan averages \$1,500,000,000. |
| Repurchase Agreement Collateral Account | | Required for housing of repurchase agreement collateral for the LGIP and the General Portfolio. |

The vendor will provide master securities custody services for the maintenance of these accounts, which would include the settlement of all purchases and sales through the Federal Reserve System (Fed) or the Depository Trust Company (DTC), the collection and distribution of all interest payments, the processing of all principal paydowns associated with collateralized mortgage obligations and asset-back securities, and the receipt and disbursement of all repurchase agreement collateral. The vendor is required to establish a working relationship with the securities lending agent(s) and external investment managers in order to facilitate trading activity and the processing and accounting of all trades.

The vendor will provide for the daily accounting and bookkeeping of all accounts and will provide market value of all accounts at a minimum of once a week. The vendor is expected to interact with all auditors (internal and external), and to provide timely and accurate responses to their requests.

Fees for the vendor's contracted services will not be paid directly, but will be deducted from either interest earnings before remittance to the State, or from the monthly securities lending program revenues.

From time-to-time, the vendor may be asked by the State Treasurer to wire transfer monies to or from our external investment managers and our securities lending agent(s). On a monthly basis, the vendor will be required to make purchases in the mutual funds of the PPCT.

The State Treasurer requires that the vendor make available monies from maturing securities and interest earnings, in the General Portfolio, the LGIP, and the PSF, by 6:00 a.m. (Pacific Time).

3.1 SERVICING

- 3.1.1 Provide the list of personnel responsible for the day-to-day administration of the State Treasurer's investment accounts, and describe the responsibilities of each member.
- 3.1.2 How many client relationships is this team responsible for? Describe the range in size and complexity of these accounts.
- 3.1.3 Discuss senior management's oversight of securities custody service.

3.2 SECURITIES PROCESSING

- 3.2.1 Is your company a direct participant of the Depository Trust Company of New York and the Federal Reserve System? What is the number and dollar volume of custody transactions your company processes annually?
- 3.2.2 Describe procedures used to ensure that physical securities are properly registered and in good deliverable form.
- 3.2.3 Describe your "failed trade" process. What procedures are in place to minimize the occurrence of failed trades? Is there a rebate to the State Treasurer if State funds have not been applied due to broker fail to deliver?

3.3 PRICING

- 3.3.1 What system is used for the pricing of securities?
- 3.3.2 Is this system capable of pricing the diverse nature of securities held in the State Treasurer's investment portfolios?
- 3.3.3 How often are securities priced?
- 3.3.4 What procedures ensure that all securities are priced accurately?
- 3.3.5 Is the pricing of securities compatible with GASB 31 definitions of "fair value"?
- 3.3.6 Is the pricing system available for "feed" directly into investment software maintained by the State Treasurer, the external investment managers, and the securities lending agent(s)?

3.4 ACCOUNTING AND REPORTING

- 3.4.1 Describe your accounting system.
- 3.4.2 Are trades recorded into the accounting system on a daily basis? Describe the process for the accounting of principal paydowns associated with collateralized mortgage obligations and asset-back securities.

- 3.4.3 Are all Fed and DTC matured securities and interest payments immediately available for reinvestment by the State Treasurer?
- 3.4.4 Is the interest rate on variable-rate securities changed to reflect a new rate as it occurs?
- 3.4.5 Is amortization and accretion performed on premium and discounted securities? If the answer is yes, how often is this process performed?
- 3.4.6 Describe the standard package of available reports. Please include sample reports in your response.
- 3.4.7 How often are these reports updated?
- 3.4.8 Are the reports provided in both hard-copy and on-line format? Is there a website available to monitor investment account activity and holdings via the Internet or other on-line system? Is the on-line system Windows-based?
- 3.4.9 What provision will be made to train the State Treasurer's staff to use the on-line system? What hardware and software will be necessary to access the information?
- 3.4.10 Are customized reports available?
- 3.4.11 How often is your accounting system audited? Does an upper level of management perform the audit, or is an external firm contracted to perform this function? If audit deficiencies are noted, how quickly are changes implemented? Is your accounting system updated according to new GASB and FASB pronouncements?
- 3.4.12 Describe your investment management services provided for short-term cash reserves. Please include fee structure in the separate cost proposal.

3.5 INVESTMENT MANAGERS

- 3.5.1 Describe the process your company uses to facilitate the trading functions of external investment managers. Is on-line access of reporting features available to them?
- 3.5.2 Is the same servicing team also responsible for the interaction with the external investment managers?
- 3.5.3 If a new external investment manager is hired, or if the services of an existing one are terminated, what processes are involved to ensure that trading may either begin, or must cease?

3.6 SECURITIES LENDING

- 3.6.1 Describe in detail the custody services provided for the administration of the State Treasurer's securities lending program.
- 3.6.2 Is the same servicing team also responsible for the interaction with the securities lending agent(s)?
- 3.6.3 Will the securities lending agent(s) have access to on-line reporting?
- 3.6.4 The current securities lending agent requires a daily "feed" of lendable investment portfolios. Please acknowledge that this service can be provided.
- 3.6.5 If a new securities lending agent is hired, or if the services of an existing one are terminated, what processes are involved to ensure that trading may either begin, or must cease?

3.7 PERFORMANCE MEASUREMENT AND ANALYTICS

- 3.7.1 Describe the performance evaluation capabilities of your services. Please include pricing of these services in the separate cost proposal.
- 3.7.2 Are performance measurement and portfolio analysis calculated internally, or is an external source used?
- 3.7.3 What types of total return calculations are available?
- 3.7.4 Describe the universe comparison or benchmark indexes used.
- 3.7.5 Can performance reports be customized?
- 3.7.6 How much historical information is available?
- 3.7.7 How often are reports generated?
- 3.7.8 Are there reports which show GASB 31 and GASB 40 requirements?

3.8 TRANSITION

- 3.8.1 Describe in detail the conversion process if your company is selected.
- 3.8.2 Provide an estimated timetable for the transition, and discuss the resources to be provided by the State Treasurer. Please discuss the maintenance of simultaneous custodians until the conversion is completed.
- 3.8.3 Detail any expenses which may be incurred during the conversion process. Please include these costs in the cost proposal.

3.9 CATASTROPHIC RECOVERY SYSTEM

- 3.9.1 Please address your company's dedication to alternative processing systems in the event of a catastrophic event or emergency.

3.10 CORPORATE GOVERNANCE

- 3.10.1 The State Treasurer encourages all vendors that are retained or utilized by his office to adopt corporate governance policies that provide investors with confidence in the structure and management of the vendor. Please describe vendor's activities relating to corporate governance, which may include such issues as auditor independence, board independence, proxy voting, enhanced financial disclosures, etc.

4. COMPANY BACKGROUND AND REFERENCES

4.1 PRIMARY VENDOR INFORMATION

Vendors must provide a company profile. Information provided shall include:

- 4.1.1 Company ownership. If incorporated, the state in which the company is incorporated and the date of incorporation. *An out-of-state vendor must become duly qualified to do business in the State of Nevada as a foreign corporation before a contract can be executed.*

- 4.1.2 Disclosure of any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigation pending which involves the vendor or in which the vendor has been judged guilty or liable.
- 4.1.3 Location(s) of the company offices and location of the office servicing any Nevada account(s).
- 4.1.4 Number of employees both locally and nationally.
- 4.1.5 Location(s) from which employees will be assigned.
- 4.1.6 Name, address and telephone number of the vendor's point of contact for a contract resulting from this RFP.
- 4.1.7 Company background/history and why vendor is qualified to provide the services described in this RFP.
- 4.1.8 Length of time vendor has been providing services described in this RFP to the **public and/or private sector**. Please provide a brief description.
- 4.1.9 Has the contractor ever been engaged under contract by any State agency?
[] Yes [] No If "Yes," specify when, for what duties, and for which agency.
- 4.1.10 Is the contractor or any of the contractor's employees employed by the State of Nevada, any of its political subdivisions or by any other government?
[] Yes [] No If "Yes," is that employee planning to render services while on annual leave, compensatory time, sick leave, or on his own time?
- 4.1.11 Vendor's Dun and Bradstreet number.
- 4.1.12 Resumes for key staff to be responsible for performance of any contract resulting from this RFP.
- 4.1.13 Level of vendor's commitment to master securities custody services in the context of the overall corporate strategy.
- 4.1.14 Number of master securities custody relationships currently serviced by the vendor.
- 4.1.15 Total market value of all assets held in master securities custody accounts by vendor.
- 4.1.16 Provide a copy of vendor's audited annual reports for the past three years.
- 4.1.17 Is vendor a member of the National Association of State Treasurers (NAST)?

4.2 REFERENCES

Vendors should provide a minimum of three (3) references from similar projects performed for private state and/or large local government clients within the last three years. **Vendors are required to submit Attachment C, Reference Form to the business references they list. The business references must submit the Reference Form directly to the State Treasurer's designee.** It is the vendor's responsibility to ensure that the completed forms are received by the State Treasurer on or before the proposal submission deadline for inclusion in the evaluation process. Business References that are not received, or are not complete, may adversely affect the vendor's score in the evaluation process. The State Treasurer may contact any or all business references for validation of information submitted.

- 4.2.1 Client name;
- 4.2.2 Project description;
- 4.2.3 Project dates (starting and ending);
- 4.2.4 Technical environment; (i.e., Software applications, Internet capabilities, Data communications, Network, Hardware)
- 4.2.5 Staff assigned to reference engagement that will be designated for work per this RFP;
- 4.2.6 Client project manager name, telephone number, fax number and e-mail address.

4.3 SUBCONTRACTOR INFORMATION

- 4.3.1 Does this proposal include the use of subcontractors?

Yes _____ No _____ Unknown _____

If “Yes”, vendor must:

- 4.3.1.1 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor will perform services.
- 4.3.1.2 Provide the same information for any proposed subcontractors as requested in the Primary Vendor Information section.
- 4.3.1.3 References as specified above must be provided for any proposed subcontractors.
- 4.3.1.4 The State requires that the awarded vendor provide proof of payment to any subcontractors used for this project. Proposals shall include a plan by which the State will be notified of such payments.
- 4.3.1.5 Primary vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the using agency.
- 4.3.1.6 Primary vendor must notify the using agency of the intended use of any subcontractors not identified within their response and receive agency approval prior to subcontractor commencing work.

5. COST

Note: Cost information *must not* be included with the vendor's Technical Proposal, please refer to the Submittal Instructions.

- 5.1 Vendors must provide detailed fixed prices for all costs associated with the responsibilities and related services. Clearly specify the nature of all expenses anticipated.

6. **PAYMENT**

- 6.1 Payment for the vendor's contracted services will be made within ten (10) days upon receipt of invoice from vendor.

Fees for the vendor's contracted services will not be paid directly, but will be deducted by the custodian from either interest earnings before remittance to the State, or from the monthly securities lending revenues. Please acknowledge acceptance of these terms.

7. **SUBMITTAL INSTRUCTIONS**

- 7.1 In lieu of a pre-proposal conference, the State Treasurer will accept questions and/or comments in writing, received either by mail, facsimile or e-mail regarding this RFP as follows:

Questions must reference the identifying RFP number and be addressed to the State of Nevada, State Treasurer, 555 East Washington Ave., Suite 5300, Las Vegas, Nevada 89101, Attn: Diana Vansickle, Deputy Treasurer of Investments, faxed to (702) 486-2490 or e-mailed to dvasey@NevadaTreasurer.gov. The deadline for submitting questions is February 21, 2006 at 2:00 p.m., Pacific Time. All questions and/or comments will be addressed in writing and responses mailed, faxed or e-mailed to prospective vendors on or about February 24, 2006. Please provide company name, address, phone number, fax number, e-mail address and contact person when submitting questions.

- 7.2 RFP Timeline (All times are Pacific Time)

| <i>TASK</i> | <i>DATE/TIME</i> |
|--|-------------------------------------|
| Deadline for submitting questions | February 21, 2006 @ 2:00 p.m. |
| Answers to all questions submitted available on or about | February 24, 2006 |
| <u>Deadline for submission and opening of proposals</u> | March 2, 2006 @ 1:00 p.m. |
| Evaluation period | March 2 – 24, 2006 |
| Oral presentations from selected vendors | On or about March 27, 2006 |
| Selection of vendor | On or about March 31, 2006 |

NOTE: These dates represent a tentative schedule of events. The State reserves the right to modify these dates at any time, with appropriate notice to prospective vendors

- 7.3 Vendors shall submit one (1) original proposal marked “MASTER” and six (6) identical copies to:

State Treasurer Brian K. Krolicki
Attn: Diana Vansickle, Deputy Treasurer of Investments
101 North Carson Street, Suite 4
Carson City, Nevada 89701-4786

Proposals shall be clearly labeled in a sealed envelope or box as follows:

REQUEST FOR PROPOSAL NO. 06-003
PROPOSAL OPENING DATE: MARCH 2, 2006
FOR: Master Securities Custody Services

- 7.4 **Proposals must be received at the above-referenced address no later than 1:00 p.m. Pacific Time.** Proposals that do not arrive by proposal opening time and date WILL NOT BE ACCEPTED. Vendors may submit their proposal any time prior to the above stated deadline.
- 7.5 The State will not be held responsible for proposal envelopes mishandled as a result of the envelope not being properly prepared. Facsimile, e-mail or telephone proposals will **NOT** be considered; however, at the State’s discretion, proposal may submitted all or in part on electronic media, as requested within the RFP document. Proposals may be modified by facsimile, e-mail or written notice provided such notice is received prior to the opening of the proposals.
- 7.6 Although it is a public opening, only the names of the vendors submitting proposals will be announced NRS §333.335(6). Technical and cost details about proposals submitted will not be disclosed. Assistance for handicapped, blind or hearing-impaired persons who wish to attend the RFP opening is available. If special arrangements are necessary, please notify the State Treasurer’s designee as soon as possible and at least two days in advance of the opening.
- 7.7 If discrepancies are found between two or more copies of the proposal, the master copy will provide the basis for resolving such discrepancies. If one copy of the proposal is not clearly marked “MASTER,” the State may reject the proposal. However, the State may at its sole option, select one copy to be used as the master.
- 7.8 For ease of evaluation, the proposal should be presented in a format that corresponds to and references sections outlined within this RFP and should be presented in the same order. Responses to each section and subsection should be labeled so as to indicate which item is being addressed. Exceptions to this will be considered during the evaluation process.
- 7.9 If complete responses cannot be provided without referencing supporting documentation, such documentation must be provided with the proposal and specific references made to the tab, page, section and/or paragraph where the supplemental information can be found.

- 7.10 Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.
- 7.11 Descriptions on how any and all equipment and/or services will be used to meet the requirements of this RFP shall be given, in detail, along with any additional information documents that are appropriately marked.
- 7.12 The proposal must be signed by the individual(s) legally authorized to bind the vendor NRS §333.337.
- 7.13 For ease of responding to the RFP, vendors are encouraged, but not required, to request an electronic copy of the RFP. Electronic copies are available in the following formats: Word 6.0/7.0 via e-mail, diskette, or on the State Treasurer's website in PDF or EXE format at <http://nevadatreasurer.gov>. When requesting an RFP via e-mail or diskette, vendors should contact Diana Vansickle, Deputy Treasurer of Investments, for assistance. In the event vendors choose to receive the RFP on diskette, the vendor will be responsible for providing a blank 3.5" formatted diskette; unless vendors provide a Federal Express, Airborne Express, etc. account number and appropriate return materials, the diskette will be returned by first class U.S. mail.
- 7.14 Vendors utilizing an electronic copy of the RFP in order to prepare their proposals should place their written response in *an easily distinguishable font* immediately following the applicable question.
- 7.15 ***For purposes of addressing questions concerning this RFP, the sole contact will be Diana Vansickle, Deputy Treasurer of Investments. Upon issuance of this RFP, other employees and representatives of the agencies identified in the RFP will not answer questions or otherwise discuss the contents of this RFP with any prospective vendors or their representatives. Failure to observe this restriction may result in disqualification of any subsequent proposal NAC §333.155(3).*** This restriction does not preclude discussions between affected parties for the purpose of conducting business unrelated to this procurement.
- 7.16 Vendor who believes proposal requirements or specifications are unnecessarily restrictive or limit competition may submit a request for administrative review, in writing, to the State Treasurer. To be considered, a request for review must be **received** no later than the deadline for submission of questions.

The State Treasurer shall promptly respond in writing to each written review request, and where appropriate, issue all revisions, substitutions or clarifications through a written amendment to the RFP.

Administrative review of technical or contractual requirements shall include the reason for the request, supported by factual information, and any proposed changes to the requirements.

- 7.17 If a vendor changes any material RFP language, vendor's response may be deemed non-responsive. NRS §333.311.
- 7.18 Vendors are cautioned that some services may contain licensing requirement(s). Vendors shall be proactive in verification of these requirements prior to proposal submittal. Proposals, which do not contain the requisite licensure, may be deemed non-responsive. However, this does not negate any applicable Nevada Revised Statute (NRS) requirements.
- 7.19 Proposals shall be submitted in two (2) distinct parts - the **narrative/technical proposal** and the **cost proposal**. **THE NARRATIVE/TECHNICAL PROPOSAL MUST NOT INCLUDE COST AND PRICING INFORMATION**. While Technical and Cost proposals may be shipped together (i.e., in the same box/envelope), each proposal, inclusive of the master and requisite number of copies, must be bound or packaged separately.

8. PROPOSAL EVALUATION AND AWARD PROCESS

- 8.1 Proposals shall be consistently evaluated and scored in accordance with NRS §333.335(3) based upon the following criteria listed in descending order of precedence:
- Demonstrated competence;
 - Experience in performance of comparable engagements;
 - Reasonableness of cost;
 - Expertise and availability of key personnel;
 - Conformance with the terms of this RFP;
 - Corporate governance policy

Note: Financial stability will be scored on a pass/fail basis.

Proposals shall be kept confidential until a contract is awarded.

- 8.2 The evaluation committee may also contact the references provided in response to the Section identified as Company Background and References; contact any vendor to clarify any response; contact any current users of a vendor's services; solicit information from any available source concerning any aspect of a proposal; and seek and review any other information deemed pertinent to the evaluation process. The evaluation committee shall not be obligated to accept the lowest priced proposal, but shall make an award in the best interests of the State of Nevada NRS § 333.335(5)
- 8.3 Each vendor must include in its proposal a complete disclosure of any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigations pending which involves the vendor or in which the vendor has been judged guilty or liable. Failure to comply with the terms of this provision may disqualify any proposal. The State reserves the right to reject any proposal based upon the vendor's prior history with the State or with any other party, which documents, without limitation, unsatisfactory performance, adversarial or contentious demeanor, significant failure(s) to meet contract milestones or other contractual failures. See generally, NRS §333.335.

- 8.4 Clarification discussions may, at the State's sole option, be conducted with vendors who submit proposals determined to be acceptable and competitive NAC §333.165. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and/or written revisions of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing vendors.
- 8.5 A Notification of Intent to Award shall be issued in accordance with NAC §333.170. Any award is contingent upon the successful negotiation of final contract terms and upon approval of the Board of Examiners, when required. Negotiations shall be confidential and not subject to disclosure to competing vendors unless and until an agreement is reached. If contract negotiations cannot be concluded successfully, the State upon written notice to all vendors may negotiate a contract with the next highest scoring vendor or withdraw the RFP.
- 8.6 Any contract resulting from this RFP shall not be effective unless and until approved by the Nevada State Board of Examiners (NRS 284.173).

9. TERMS, CONDITIONS AND EXCEPTIONS

- 9.1 Performance of vendors will be rated semi-annually following contract award and then annually for the term of the contract by the using State agency in six categories: customer service; timeliness; quality; technology; flexibility; and pricing. Vendors will be notified in writing of their rating.
- 9.2 In accordance with Senate Bill (SB) 280 of the 2003 Nevada Legislature, if a vendor submitting a proposal in response to this solicitation is a resident of another state, and with respect to contracts awarded by that state, applies to vendors who are residents of that state a preference, which is not afforded to vendors or contractors who are residents of the State of Nevada, the State of Nevada, the State Treasurer shall, insofar as is practicable, increase the out of state vendor's proposal by an amount that is substantially equivalent to the preference that the other state of which the vendor is a resident denies to vendors or contractors who are residents of the State of Nevada.
- 9.3 This procurement is being conducted in accordance with NRS chapter 333 and NAC chapter 333.
- 9.4 The State reserves the right to alter, amend, or modify any provisions of this RFP, or to withdraw this RFP, at any time prior to the award of a contract pursuant hereto, if it is in the best interest of the State to do so.
- 9.5 The State reserves the right to waive informalities and minor irregularities in proposals received.
- 9.6 The State reserves the right to reject any or all proposals received prior to contract award (NRS §333.350).

- 9.7 The State shall not be obligated to accept the lowest priced proposal, but will make an award in the best interests of the State of Nevada after all factors have been evaluated (NRS §333.335).
- 9.8 Any irregularities or lack of clarity in the RFP should be brought to the State Treasurer's designee's attention as soon as possible so that corrective addenda may be furnished to prospective vendors.
- 9.9 Proposals must include any and all proposed terms and conditions, including, without limitation, written warranties, maintenance/service agreements, license agreements, lease purchase agreements and the vendor's standard contract language. The omission of these documents renders a proposal non-responsive.
- 9.10 Alterations, modifications or variations to a proposal may not be considered unless authorized by the RFP or by addendum or amendment.
- 9.11 Proposals which appear unrealistic in the terms of technical commitments, lack of technical competence, or are indicative of failure to comprehend the complexity and risk of this contract, may be rejected.
- 9.12 Proposals from employees of the State of Nevada will be considered in as much as they do not conflict with the State Administrative Manual, NRS Chapter §281 and NRS Chapter §284.
- 9.13 Proposals may be withdrawn by written or facsimile notice received prior to the proposal opening time. Withdrawals received after the proposal opening time will not be considered except as authorized by NRS §333.350(3).
- 9.14 The price and amount of this proposal must have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or prospective vendor. Collaboration among competing vendors about potential proposals submitted pursuant to this RFP is prohibited and may disqualify the vendor.
- 9.15 No attempt may be made at any time to induce any firm or person to refrain from submitting a proposal or to submit any intentionally high or noncompetitive proposal. All proposals must be made in good faith and without collusion.
- 9.16 Prices offered by vendors in their proposals are an irrevocable offer for the term of the contract and any contract extensions. The awarded vendor agrees to provide the purchased services at the costs, rates and fees as set forth in their proposal in response to this RFP. No other costs, rates or fees shall be payable to the awarded vendor for implementation of their proposal.
- 9.17 The State is not liable for any costs incurred by vendors prior to entering into a formal contract. Costs of developing the proposals or any other such expenses incurred by the vendor in responding to the RFP, are entirely the responsibility of the vendor, and shall not be reimbursed in any manner by the State.

- 9.18 All proposals submitted become the property of the State and will be returned only at the State's option and at the vendor's request and expense. The master copy of each proposal shall be retained for official files and will become public record after the award of a contract. Only specific parts of the proposal may be labeled a "trade secret", provided that the vendor agrees to defend and indemnify the State for honoring such a designation (NRS §333.333). The failure to so label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the information.
- 9.19 A proposal submitted in response to this RFP must identify any subcontractors, and outline the contractual relationship between the awarded vendor and each subcontractor. An official of each proposed subcontractor must sign, and include as part of the proposal submitted in response to this RFP, a statement to the effect that the subcontractor has read and will agree to abide by the awarded vendor's obligations.
- 9.20 The awarded vendor will be the sole point of contract responsibility. The State will look solely to the awarded vendor for the performance of all contractual obligations which may result from an award based on this RFP, and the awarded vendor shall not be relieved for the non-performance of any or all subcontractors.
- 9.21 The awarded vendor must maintain, for the duration of its contract, insurance coverages as set forth in the Insurance Schedule of the contract form appended to this RFP. Work on the contract shall not begin until after the awarded vendor has submitted acceptable evidence of the required insurance coverages. Failure to maintain any required insurance coverage or acceptable alternative method of insurance will be deemed a breach of contract.

Notwithstanding any other requirement of this section, the State reserves the right to consider reasonable alternative methods of insuring the contract in lieu of the insurance policies required by the above-stated Insurance Schedule. It will be the awarded vendor's responsibility to recommend to the State alternative methods of insuring the contract. Any alternatives proposed by a vendor should be accompanied by a detailed explanation regarding the vendor's inability to obtain insurance coverage as described above. The State shall be the sole and final judge as to the adequacy of any substitute form of insurance coverage.

- 9.22 Each vendor must disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict should be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest will automatically result in the disqualification of a vendor's proposal. An award will not be made where a conflict of interest exists. The State will determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.

- 9.23 The State will not be liable for Federal, State, or Local excise taxes.
- 9.24 Execution of Attachment A of this RFP shall constitute an agreement to all terms and conditions specified in the RFP, including, without limitation, the Attachment B contract form and all terms and conditions therein, except such terms and conditions that the vendor expressly excludes. Exceptions will be taken into consideration as part of the evaluation process.
- 9.25 The State reserves the right to negotiate final contract terms with any vendor selected NAC §333.170. The contract between the parties will consist of the RFP together with any modifications thereto, and the awarded vendor's proposal, together with any modifications and clarifications thereto that are submitted at the request of the State during the evaluation and negotiation process. In the event of any conflict or contradiction between or among these documents, the documents shall control in the following order of precedence: the final executed contract, the RFP, any modifications and clarifications to the awarded vendor's proposal, and the awarded vendor's proposal. Specific exceptions to this general rule may be noted in the final executed contract.
- 9.26 Vendor understands and acknowledges that the representations above are material and important, and will be relied on by the State in evaluation of the proposal. Any vendor misrepresentation shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.
- 9.27 No announcement concerning the award of a contract as a result of this RFP can be made without the prior written approval of the State.
- 9.28 The Nevada Attorney General will not render any type of legal opinion regarding this transaction.
- 9.29 Any unsuccessful vendor may file an appeal in strict compliance with NRS 333.370 and chapter 333 of the Nevada Administrative Code.
- 9.30 Local governments (as defined in NRS §332.015) are intended third party beneficiaries of any contract resulting from this RFP and any local government may join or use any contract resulting from this RFP subject to all terms and conditions thereof pursuant to NRS §332.195. The State is not liable for the obligations of any local government which joins or uses any contract resulting from this RFP.
- 9.31 Any person who requests or receives a Federal contract, grant, loan or cooperative agreement shall file with the using agency a certification that the person making the declaration has not made, and will not make, any payment prohibited by subsection (a) of 31 U.S.C. §1352.

10. SUBMISSION CHECKLIST

This checklist is provided for vendor's convenience only and identifies documents that must be submitted with each package in order to be considered responsive. Any proposals received without these requisite documents may be deemed non-responsive and not considered for contract award.

| Documents to be submitted with proposal: | Completed |
|---|------------------|
| 1. Requested number of copies of technical proposals packaged separately | _____ |
| 2. Requested number of copies of cost proposals packaged separately | _____ |
| 3. Page 1 of the RFP completed and signed | _____ |
| 4. Primary Vendor Attachment A signed with confidentiality and exceptions noted | _____ |
| 5. Subcontractor Attachment A signed with confidentiality and exceptions noted | _____ |
| 6. Primary Vendor Information provided | _____ |
| 7. Subcontractor Information provided (if applicable) | _____ |
| 8. Reference forms sent out for Primary Vendor | _____ |
| 9. Reference forms sent out for Subcontractors (if applicable) | _____ |
| 10. Verification of licensure for Primary Vendor (if applicable) | _____ |
| 11. Verification of licensure for Subcontractors (if applicable) | _____ |
| 12. Certificate of Insurance _____ | _____ |
| 13. (Other) _____ | _____ |
| Primary Vendor's Company Name _____ | |

Attachment A

CERTIFICATION OF INDEMNIFICATION AND COMPLIANCE WITH TERMS AND CONDITIONS OF RFP PRIMARY VENDOR

Submitted proposals are confidential until the contract is awarded; following contract award, in accordance with NRS §333.333, only specific parts of the proposal may be labeled a “trade secret” as defined in NRS §600A.030(5). In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that will be in an open meeting format, the proposals will remain confidential.

This proposal contains proprietary information Yes_____ No_____

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State for honoring such designation. I duly realize failure to so act will constitute a complete waiver and all submitted information will become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

I have read, understand and agree to comply with the terms and conditions specified in this Request for Proposal. Checking “YES” indicates acceptance, while checking “NO” denotes non-acceptance and should be detailed below. Any exceptions **MUST** be documented.

YES _____ NO _____ SIGNATURE _____

Primary Vendor

EXCEPTIONS: Attach additional sheets if necessary. Please use this format.

EXCEPTION SUMMARY FORM

| RFP SECTION NUMBER | RFP PAGE NUMBER | PROPRIETARY INFORMATION AND/OR EXCEPTION (PROVIDE A DETAILED EXPLANATION) |
|-----------------------|--------------------|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

CERTIFICATION OF COMPLIANCE WITH TERMS AND CONDITIONS OF RFP SUBCONTRACTOR

Submitted proposals are confidential until the contract is awarded; following contract award, in accordance with NRS §333.333, only specific parts of the proposal may be labeled a “trade secret” as defined in NRS §600A.030(5). In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that will be in an open meeting format, the proposals will remain confidential.

This proposal contains proprietary information Yes_____ No_____

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State for honoring such designation. I duly realize failure to so act will constitute a complete waiver and all submitted information will become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

I have read, understand and agree to comply with the terms and conditions specified in this Request for Proposal. Checking “YES” indicates acceptance, while checking “NO” denotes non-acceptance and should be detailed below. Any exceptions **MUST** be documented.

YES _____ NO _____ SIGNATURE _____
Subcontractor

EXCEPTIONS: Attach additional sheets if necessary. Please use this format.

EXCEPTION SUMMARY FORM

| RFP SECTION NUMBER | RFP NUMBER | PAGE | PROPRIETARY INFORMATION AND/OR EXCEPTION (PROVIDE A DETAILED EXPLANATION) |
|-------------------------------|-----------------------|-------------|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Attachment B

CONTRACT FORM

The following State Contract Form is provided as a courtesy to vendors interested in responding to this RFP. Please review the terms and conditions in this form, as this is the standard contract used by the State for all services of independent contractors. **Please pay particular attention to the insurance requirements, as specified in paragraph 16.**

As with all other requirements of this RFP, vendors may take exception to any of the terms in the Contract Form, including the required insurance limits. Exceptions will be considered during the evaluation process. It is not necessary for vendors to complete the Contract Form with their proposal responses.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

A Contract Between the State of Nevada Acting By and Through Its

(NAME, ADDRESS, PHONE AND FACSIMILE NUMBER OF CONTRACTING AGENCY)

and

(NAME, ADDRESS, PHONE, FACSIMILE NUMBER **FEDERAL I.D. NUMBER** OF INDEPENDENT CONTRACTOR)

WHEREAS, NRS 284.173 authorizes elective officers, heads of departments, boards, commissions or institutions to engage, subject to the approval of the Board of Examiners, services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. **REQUIRED APPROVAL.** This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

2. **DEFINITIONS.** "State" means the State of Nevada and any state agency identified herein, its officers, employees and immune contractors as defined in NRS §41.0307. "Independent Contractor" means a person or entity that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract. "Fiscal Year" is defined as the period beginning July 1 and ending June 30 of the following year.

3. **CONTRACT TERM.** This Contract shall be effective from _____ subject to Board of Examiners' approval (anticipated to be _____) to _____, unless sooner terminated by either party as specified in paragraph (9).

4. **NOTICE.** Unless otherwise specified, termination shall not be effective until ____ calendar days after a party has served written notice of default, or without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified above.

5. **INCORPORATED DOCUMENTS.** The parties agree that the scope of work shall be specifically described; this Contract incorporates the following attachments in descending order of constructive precedence; a Contractor's Attachment shall not contradict or supersede any State specifications, terms or conditions without written evidence of mutual assent to such change appearing in this Contract:

ATTACHMENT AA: STATE SOLICITATION/SCOPE OF WORK and ATTACHMENTS #1, ETC.;

ATTACHMENT BB: CONTRACTOR'S RESPONSE

6. **CONSIDERATION.** The parties agree that Contractor will provide the services specified in paragraph (5) at a cost of \$ _____ per _____ (state the exact cost or hourly, daily, or weekly rate exclusive of travel or per diem expenses) with the total Contract or installments payable: _____, not to exceed \$ _____. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

7. **ASSENT.** The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.

8. **TIMELINESS OF BILLING SUBMISSION.** The parties agree that timeliness of billing is of the essence to the contract and recognize that the State is on a fiscal year. All billings for dates of service prior to July 1 must be submitted to the State no later than the first Friday in August of the same year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject the Contractor to an administrative fee not to exceed \$100.00. The parties hereby agree this is a reasonable estimate of the additional costs to the State of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to the Contractor.

9. INSPECTION & AUDIT.

- a. Books and Records. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all state and federal regulations and statutes.
- b. Inspection & Audit. Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant state agency or its contracted examiners, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this paragraph.
- c. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained a minimum three years and for five years if any federal funds are used in the Contract. The retention period runs from the date of payment for the relevant goods or services by the State, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. CONTRACT TERMINATION.

- a. Termination Without Cause. Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties or unilaterally by either party without cause.
- b. State Termination for Nonappropriation. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the State Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the Contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.
- c. Cause Termination for Default or Breach. A default or breach may be declared with or without termination. This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:
 - i. If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or
 - ii. If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or
 - iii. If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or
 - iv. If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or
 - v. If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
 - vi. If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.
- d. Time to Correct. Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in paragraph (4), and the subsequent failure of the defaulting party within 15 calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.
- e. Winding Up Affairs Upon Termination. In the event of termination of this Contract for any reason, the parties agree that the provisions of this paragraph survive termination:
 - i. The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;
 - ii. Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;
 - iii. Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;

iv. Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with paragraph (21).

11. **REMEDIES.** Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include without limitation \$125 per hour for State-employed attorneys. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190.

12. **LIMITED LIABILITY.** The State will not waive and intends to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the fiscal year budget in existence at the time of the breach. Damages for any Contractor breach shall not exceed 150% of the contract maximum "not to exceed" value. Contractor's tort liability shall not be limited.

13. **FORCE MAJEURE.** Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

14. **INDEMNIFICATION.** To the fullest extent permitted by law, Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents.

15. **INDEPENDENT CONTRACTOR.** Contractor is associated with the State only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract, Contractor is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for the State whatsoever with respect to the indebtedness, liabilities, and obligations of Contractor or any other party. Contractor shall be solely responsible for, and the State shall have no obligation with respect to: (1) withholding of income taxes, FICA or any other taxes or fees; (2) industrial insurance coverage; (3) participation in any group insurance plans available to employees of the State; (4) participation or contributions by either Contractor or the State to the Public Employees Retirement System; (5) accumulation of vacation leave or sick leave; or (6) unemployment compensation coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses arising or incurred because of, incident to, or otherwise with respect to any such taxes or fees. Neither Contractor nor its employees, agents, or representatives shall be considered employees, agents, or representatives of the State. The State and Contractor shall evaluate the nature of services and term negotiated in order to determine "independent contractor" status and shall monitor the work relationship throughout the term of the Contract to ensure that the independent contractor relationship remains as such. To assist in determining the appropriate status (employee or independent contractor), Contractor represents as follows:

| | | <u>Contractor's Initials</u> | |
|----|---|------------------------------|-------|
| | | YES | NO |
| 1. | Does the Contracting Agency have the right to require control of when, where and how the independent contractor is to work? | _____ | _____ |
| 2. | Will the Contracting Agency be providing training to the independent contractor? | _____ | _____ |
| 3. | Will the Contracting Agency be furnishing the independent contractor with worker's space, equipment, tools, supplies or travel expenses? | _____ | _____ |
| 4. | Are any of the workers who assist the independent contractor in performance of his/her duties employees of the State of Nevada? | _____ | _____ |
| 5. | Does the arrangement with the independent contractor contemplate continuing or recurring work (even if the services are seasonal, part-time, or of short duration)? | _____ | _____ |
| 6. | Will the State of Nevada incur an employment liability if the independent contractor is terminated for failure to perform? | _____ | _____ |
| 7. | Is the independent contractor restricted from offering his/her services to the general public while engaged in this work relationship with the State? | _____ | _____ |

16. **INSURANCE SCHEDULE.** Unless expressly waived in writing by the State, Contractor, as an independent contractor and not an employee of the State, must carry policies of insurance in amounts specified in this Insurance Schedule and pay all taxes and fees incident hereunto. The State shall have no liability except as specifically provided in the Contract. The Contractor shall not commence work before:

- 1) Contractor has provided the required evidence of insurance to the Contracting Agency of the State, and
- 2) The State has approved the insurance policies provided by the Contractor.

Prior approval of the insurance policies by the State shall be a condition precedent to any payment of consideration under this Contract and the State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

Insurance Coverage: The Contractor shall, at the Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract the following insurance conforming to the minimum requirements specified below. Unless specifically specified herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by the Contractor and shall continue in force as appropriate until the latter of:

1. Final acceptance by the State of the completion of this Contract; or
2. Such time as the insurance is no longer required by the State under the terms of this Contract.

Any insurance or self-insurance available to the State shall be excess of and non-contributing with any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

Workers' Compensation and Employer's Liability Insurance

- 1) Contractor shall provide proof of worker's compensation insurance as required of Nevada Revised Statutes Chapters 616A through 616D inclusive.
- 2) Employer's Liability insurance with a minimum limit of \$500,000 each employee per accident for bodily injury by accident or disease.
If this contract is for temporary or leased employees, an *Alternate Employer* endorsement must be attached to the Contractor's workers' compensation insurance policy.
- 3) If the Contractor qualifies as a sole proprietor as defined in NRS Chapter 616A.310, and has elected to not purchase industrial insurance for himself/herself, the sole proprietor must submit to the contracting State agency a fully executed "Affidavit of Rejection of Coverage Under NRS 616B627 and NRS 617.210" form.

Commercial General Liability Insurance

- 1) Minimum Limits required:

| | |
|-------------|---|
| \$2,000,000 | General Aggregate |
| \$ | Products & Completed Operations Aggregate |
| \$ | Personal and Advertising Injury |
| \$1,000,000 | Each Occurrence |
- 2) Coverage shall be on an occurrence basis and shall be at least as broad as ISO 1996 form CG 00 01 (or a substitute form providing equivalent coverage); and shall cover liability arising from premises, operations, independent contractors, completed operations, personal injury, products, civil lawsuits, Title VII actions and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

Business Automobile Liability Insurance

- 1) Minimum Limit required: ~~\$~~Waived Each Occurrence for bodily injury and property damage.
- 2) Coverage shall be for "any auto" (including owned, non-owned and hired vehicles).
The policy shall be written on ISO form CA 00 01 or a substitute providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

Professional Liability Insurance

- 1) Minimum Limit required: \$ 5,000,000 Each Claim
- 2) Retroactive date: Prior to commencement of the performance of the contract
- 3) Discovery period: Three (3) years after termination date of contract.
- 4) A certified copy of this policy may be required.

Umbrella or Excess Liability Insurance

- 1) May be used to achieve the above minimum liability limits.
- 2) Shall be endorsed to state it is "As Broad as Primary Policy"

Commercial Crime Insurance

Minimum Limit required: **\$ 5,000,000** Per Loss for Employee Dishonesty

This insurance shall be underwritten on a blanket form amending the definition of "employee" to include all employees of the Vendor regardless of position or category.

Performance Security

Amount required: \$Waived _____

- 1) Security may be in the form of surety bond, Certificate of Deposit or Treasury Note payable to the State of Nevada, only.
- 2) The security shall be deposited with the contracting State agency no later than ten (10) working days following award of the Contract to Contractor.
- 3) Upon successful Contract completion, the security and all interest earned, if any, shall be returned to the Contractor.

General Requirements:

- a. Additional Insured: By endorsement to the general liability insurance policy evidenced by Contractor, ***The State of Nevada, State Treasurer, its officers, employees and immune contractors*** as defined in NRS41.0307 shall be named as additional insureds for all liability arising from the Contract.
- b. Waiver of Subrogation: Each liability insurance policy shall provide for a waiver of subrogation as to additional insureds.
- c. Cross-Liability: All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
- d. Deductibles and Self-Insured Retentions: Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed \$5,000 per occurrence, unless otherwise approved by the Risk Management Division.
- e. Policy Cancellation: Except for ten days notice for non-payment of premium, each insurance policy shall be endorsed to state that; without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and /or limits reduced or materially altered, and shall provide that notices required by this paragraph shall be sent by certified mail to the address shown below.
- f. Approved Insurer: Each insurance policy shall be:
 - 1) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made, and
 - 2) Currently rated by A.M. Best as "A- VII" or better.

Evidence of Insurance:

Prior to the start of any Work, Contractor must provide the following documents to the contracting State agency:

- 1) Certificate of Insurance: The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor.
- 2) Additional Insured Endorsement: An Additional Insured Endorsement (CG20 10 or C20 26) , signed by an authorized insurance company representative, **must** be submitted to the State to evidence the endorsement of the State as an additional insured per General Requirements, Subsection a above.
- 3) Schedule of Underlying Insurance Policies: If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the Underlyer Schedule from the Umbrella or Excess insurance policy may be required.

Review and Approval: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its sub-contractors, employees or agents to the State or others, and shall be in addition to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

Mail all required insurance documents to the Contracting Agency identified on page one of the contract.

17. COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. The State may set-off against consideration due any delinquent government obligation in accordance with NRS 353C.190.

18. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

19. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

20. ASSIGNMENT/DELEGATION. To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written consent of the State.

21. STATE OWNERSHIP OF PROPRIETARY INFORMATION. Any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under the Contract), or any other documents or drawings, prepared or in the course of preparation by Contractor (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of the State and all such materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract. Contractor shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of Contractor's obligations under this Contract without the prior written consent of the State. Notwithstanding the foregoing, the State shall have no proprietary interest in any materials licensed for use by the State that are subject to patent, trademark or copyright protection.

22. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

23. CONFIDENTIALITY. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract.

24. FEDERAL FUNDING. In the event federal funds are used for payment of all or part of this Contract:

a. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

b. Contractor and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

c. Contractor and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)

25. LOBBYING. The parties agree, whether expressly prohibited by federal, State or local law, or otherwise, that no funding associated with this contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

- a. Any federal, state, county or local agency, legislature, commission, counsel or board;
- b. Any federal, state, county or local legislator, commission member, counsel member, board member, or other elected official; or
- c. Any officer or employee of any federal, state, county or local agency; legislature, commission, counsel or board.

26. WARRANTIES.

- a. General Warranty. Contractor warrants that all services, deliverables, and/or work product under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.
- b. System Compliance. Contractor warrants that any information system application(s) shall not experience abnormally ending and/or invalid and/or incorrect results from the application(s) in the operating and testing of the business of the State. This warranty includes, without limitation, century recognition, calculations that accommodate same century and multicentury formulas and data values and date data interface values that reflect the century. Pursuant to NRS 41.0321, the State is immune from liability due to any failure of any incorrect date being produced, calculated or generated by a computer or other information system.

27. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.

28. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-interest that would require the application of the law of any other jurisdiction. Contractor consents to the jurisdiction of the Nevada district courts for enforcement of this Contract.

29. ENTIRE CONTRACT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners.

Attachment C

REFERENCE QUESTIONNAIRE

The State of Nevada, as a part of the RFP process, requires proposing vendors to submit a minimum of three (3) business references as required within this document. The purpose of these references is to document the experience relevant to the scope of work and provide assistance in the evaluation process.

The proposing vendor is required to send the following reference form to each business reference listed. The business reference, in turn, is requested to submit the Reference Form directly to the State of Nevada, State Treasurer Brian K. Krolicki, RFP 06-003, 101 North Carson Street, Suite 4, Carson City, Nevada, 89701-4786, by the RFP submission deadline for inclusion in the evaluation process. The form and information provided will become a part of the submitted proposal. The business reference may be contacted for validation of the response.

RFP # 06-003 REFERENCE QUESTIONNAIRE FOR:

(Name of company requesting reference)

- This form is being submitted to your company for completion as a business reference for the company listed above. This form is to be returned to the State of Nevada, State Treasurer Brian K. Krolicki, RFP 06-003, 101 North Carson Street, Suite 4, Carson City, Nevada, 89701-4786, via facsimile at (702) 486-2490 or e-mail at dvasey@NevadaTreasurer.gov , no later than March 2, 2006, and **must not** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the State of Nevada, Office of the State Treasurer by telephone at (702) 486-2488, attn: Diana Vansickle or by e-mail at dvasey@NevadaTreasurer.gov. When contacting us, please be sure to include the Request for Proposal number listed at the top of this page.

CONFIDENTIAL INFORMATION WHEN COMPLETED

| | |
|--|--|
| Company providing reference: | |
| Contact name and title/position | |
| Contact telephone number | |
| Contact e-mail address | |

QUESTIONS:

1. In what capacity have you worked with this vendor in the past?
COMMENTS:

2. How would you rate this firm's knowledge and expertise?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

3. How would you rate the vendor's flexibility relative to changes in the project scope and timelines?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

4. s your level of satisfaction with hard-copy materials produced by the vendor?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

5. How would you rate the dynamics/interaction between the vendor and your staff?
_____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

6. Who were the vendor's principal representatives involved in your project and how would you rate them individually? Would you comment on the skills, knowledge, behaviors or other factors on which you based the rating?
(3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)

Name: _____ Rating: _____

Name: _____ Rating: _____

Name: _____ Rating: _____

Name: _____ Rating: _____

COMMENTS:

7. How satisfied are you with the products developed by the vendor?
_____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

8. With which aspect(s) of this vendor's services are you most satisfied?
COMMENTS:

9. With which aspect(s) of this vendor's services are you least satisfied?
COMMENTS:

10. Would you recommend this vendor's services to your organization again?
COMMENTS:

Attachment D

SELECT INVESTMENT PORTFOLIOS

General Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest

As of: 01/31/06

Page: 3

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|--|---------------------------------------|---------------|-----------|--------|----------|-----------------------|-----------------------|--------------------|
| GENFD - GENERAL FUND | | | | | | | | |
| CD - CERTIFICATE OF DEPOSIT | | | | | | | | |
| | CERT OF DEPOSIT-UBS | 23583 | 90262QUE4 | 4.2500 | 02/01/06 | 20,000,000.00 | 20,000,352.91 | 0.00 |
| | CERT OF DEP-WELLS FARGO | 23689 | 9497P4SV6 | 4.3600 | 02/24/06 | 25,000,000.00 | 25,000,000.00 | 0.00 |
| | CERT OF DEP-DEUTSCHE | 23699 | 25153CZF5 | 4.3600 | 02/24/06 | 20,000,000.00 | 20,001,126.44 | 0.00 |
| | CERT OF DEP-RABO | 23700 | 74977D4V4 | 4.3400 | 02/24/06 | 20,000,000.00 | 20,001,126.47 | 0.00 |
| | CERTIFICATE OF DEPOSIT Totals: | | | | | 85,000,000.00 | 85,002,605.82 | 0.00 |
| CNOT - CORPORATE NOTES | | | | | | | | |
| | CORP NOTES-TOYOTA MOTOR CR | 22076 | 89233PSC1 | 3.0000 | 06/09/06 | 10,000,000.00 | 9,998,772.60 | 0.00 |
| | CORP NOTES-BAYERISCHENDBK NY | 22175 | 0727G0BR0 | 2.5000 | 04/28/06 | 3,700,000.00 | 3,696,966.57 | 0.00 |
| | CORP NOTES-USAA CAPITAL CORP | 22863 | 90327QCK3 | 5.7500 | 06/15/06 | 10,000,000.00 | 10,079,875.74 | 0.00 |
| | CORPORATE NOTES Totals: | | | | | 23,700,000.00 | 23,775,614.91 | 0.00 |
| CPD - COMMERCIAL PAPER | | | | | | | | |
| | COMM PAPER-CITI | 23637 | 17307SB19 | 4.2750 | 02/01/06 | 20,000,000.00 | 19,986,000.00 | 0.00 |
| | COMM PAPER-GE | 23706 | 36960MC19 | 4.3200 | 03/01/06 | 25,000,000.00 | 24,835,000.00 | 0.00 |
| | COMM PAPER-RABO | 23722 | 74977LB14 | 4.2700 | 02/01/06 | 15,000,000.00 | 14,962,637.50 | 0.00 |
| | COMM PAPER-UBS | 23768 | 9026X1B14 | 4.4700 | 02/01/06 | 25,000,000.00 | 24,993,791.67 | 0.00 |
| | COMMERCIAL PAPER Totals: | | | | | 85,000,000.00 | 84,677,429.17 | 0.00 |
| FARMERMAC - FARMER MAC DISC NOTES | | | | | | | | |
| | FARMER MAC DISC NOTES | 23690 | 31315LUX4 | 4.2900 | 03/30/06 | 40,000,000.00 | 39,571,000.00 | 0.00 |
| | FARMER MAC DISC NOTES | 23691 | 31315LUX4 | 4.2700 | 03/30/06 | 40,000,000.00 | 39,573,000.00 | 0.00 |
| | FARMER MAC DISC NOTES | 23710 | 31315LTQ1 | 4.2300 | 02/27/06 | 20,000,000.00 | 19,877,800.00 | 0.00 |
| | FARMER MAC DISC NOTES | 23729 | 31315LVM7 | 4.3650 | 04/13/06 | 10,000,000.00 | 9,890,875.00 | 0.00 |
| | FARMER MAC DISC NOTES | 23748 | 31315LTL2 | 4.3000 | 02/23/06 | 50,000,000.00 | 49,814,861.11 | 0.00 |
| | FARMER MAC DISC NOTES Totals: | | | | | 160,000,000.00 | 158,727,536.11 | 0.00 |
| FCDN - FFCB DISC NOTES | | | | | | | | |
| | FFCB DISC NOTES | 23252 | 313313UF3 | 3.8100 | 03/14/06 | 8,000,000.00 | 7,823,046.67 | 0.00 |
| | FFCB DISC NOTES | 23677 | 313313UV8 | 4.2500 | 03/28/06 | 16,000,000.00 | 15,830,000.00 | 0.00 |
| | FFCB DISC NOTES | 23678 | 313313UW6 | 4.2500 | 03/29/06 | 25,000,000.00 | 24,731,423.61 | 0.00 |
| | FFCB DISC NOTES | 23717 | 313313SX7 | 4.1800 | 02/10/06 | 30,000,000.00 | 29,892,016.67 | 0.00 |
| | FFCB DISC NOTES | 23745 | 313313SN9 | 4.1900 | 02/01/06 | 30,000,000.00 | 29,968,575.00 | 0.00 |
| | FFCB DISC NOTES | 23747 | 313313SV1 | 4.2200 | 02/08/06 | 14,786,000.00 | 14,758,268.04 | 0.00 |
| | FFCB DISC NOTES | 23756 | 313313TB4 | 4.2800 | 02/14/06 | 3,000,000.00 | 2,992,866.67 | 0.00 |
| | FFCB DISC NOTES Totals: | | | | | 126,786,000.00 | 125,996,196.66 | 0.00 |
| FFCB - FEDERAL FARM CREDIT BANK | | | | | | | | |
| | FED FARM CREDIT BANK CALCONT | 21978 | 31331TYS4 | 1.8400 | 04/07/06 | 10,000,000.00 | 9,980,129.53 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22139 | 31331T2K6 | 3.5000 | 07/02/07 | 10,000,000.00 | 9,997,497.72 | 0.00 |
| | FED FARM CREDIT BANK CALCONT | 22258 | 31331TVV7 | 1.8500 | 04/05/06 | 8,095,000.00 | 8,080,920.34 | 0.00 |

General Portfolio

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|-------------------------------|-------------------------------|---------------|-----------|--------|----------|----------------|------------------|--------------------|
| | FEDERAL FARM CREDIT BANK | 22334 | 31331T6W6 | 2.6000 | 09/07/06 | 10,000,000.00 | 9,996,404.11 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22392 | 31331TGN5 | 2.3750 | 10/02/06 | 15,000,000.00 | 14,956,326.84 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22402 | 31331TE98 | 2.4300 | 04/21/06 | 8,700,000.00 | 8,695,599.56 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22464 | 31331TYU9 | 2.0300 | 10/13/06 | 10,000,000.00 | 9,942,480.45 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22553 | 31331TMB4 | 2.7000 | 11/24/06 | 10,000,000.00 | 9,949,573.41 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22805 | 31331SOX4 | 3.5000 | 09/07/06 | 10,000,000.00 | 9,997,361.70 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 23120 | 31331SZT3 | 2.7000 | 11/24/06 | 7,140,000.00 | 7,080,292.26 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 23232 | 31331SX57 | 4.1100 | 02/02/07 | 25,000,000.00 | 24,977,185.48 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 23259 | 31331TVT5 | 1.8500 | 03/03/06 | 32,000,000.00 | 31,889,118.69 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 23361 | 31331SGJ7 | 4.0000 | 10/02/06 | 2,000,000.00 | 1,997,168.46 | 1,333.33 |
| | FEDERAL FARM CREDIT BANK | 23553 | 31331TCD1 | 3.3750 | 06/18/07 | 7,230,000.00 | 7,092,266.25 | 39,990.94 |
| | FEDERAL FARM CREDIT BANK | 23620 | 31331TVT5 | 1.8500 | 03/03/06 | 5,500,000.00 | 5,476,641.50 | 28,263.89 |
| | FEDERAL FARM CREDIT BANK | 23621 | 31331TTV3 | 2.1250 | 07/17/06 | 10,050,000.00 | 9,919,274.63 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 23622 | 31331VHS8 | 4.6250 | 11/28/06 | 10,220,000.00 | 10,214,183.36 | 19,694.79 |
| | FEDERAL FARM CREDIT BANK | 23655 | 31331VEC6 | 4.5000 | 01/28/08 | 11,708,000.00 | 11,669,223.83 | 76,102.00 |
| | FEDERAL FARM CREDIT BANK | | | | Totals: | 212,643,000.00 | 211,896,907.38 | 175,659.95 |
| FHLB - FEDERAL HOME LOAN BANK | | | | | | | | |
| | FEDERAL HOME LOAN BANK | 21743 | 3133X3QY2 | 2.7600 | 02/09/07 | 10,000,000.00 | 9,990,736.51 | 0.00 |
| | FEDERAL HOME LOAN BANK | 21879 | 3133X3RC4 | 2.1000 | 10/13/06 | 10,000,000.00 | 10,000,000.00 | 0.00 |
| | FEDERAL HOME LOAN BANK | 22241 | 3133X3DS9 | 2.0000 | 02/13/06 | 20,000,000.00 | 19,986,279.57 | 0.00 |
| | FEDERAL HOME LOAN BK | 22536 | 3133X9L57 | 3.2000 | 11/29/06 | 10,000,000.00 | 9,998,574.49 | 0.00 |
| | FEDERAL HOME LOAN BANK | 22823 | 3133MYD61 | 2.7800 | 04/16/07 | 10,000,000.00 | 9,850,355.51 | 0.00 |
| | FEDERAL HOME LOAN BK C2/22/06 | 22824 | 3133XAS40 | 3.8450 | 02/22/08 | 10,000,000.00 | 9,916,842.70 | 0.00 |
| | FEDERAL HOME LOAN BANK | 22864 | 3133XBBQ7 | 3.7500 | 09/29/06 | 30,000,000.00 | 29,954,500.91 | 0.00 |
| | FEDERAL HOME LOAN BANK | 22865 | 3133MLRJ6 | 4.8750 | 02/15/07 | 10,000,000.00 | 10,081,900.44 | 0.00 |
| | FEDERAL HOME LOAN BK C5/16/06 | 22998 | 3133XBRB3 | 4.1500 | 11/16/07 | 10,000,000.00 | 10,000,000.00 | 0.00 |
| | FEDERAL HOME LOAN BANK | 23062 | 3133MD6L2 | 5.3750 | 02/15/06 | 2,600,000.00 | 2,605,501.60 | 0.00 |
| | FEDERAL HOME LOAN BANK | 23359 | 3133X9AK8 | 2.5000 | 02/24/06 | 18,000,000.00 | 17,958,695.36 | 40,000.00 |
| | FEDERAL HOME LOAN BANK | 23360 | 3133X7NJ9 | 3.0000 | 05/15/06 | 7,000,000.00 | 6,971,793.18 | 0.00 |
| | FEDERAL HOME LOAN BANK | 23565 | 3133MD6L2 | 5.3750 | 02/15/06 | 5,430,000.00 | 5,436,699.98 | 78,640.73 |
| | FEDERAL HOME LOAN BANK | 23571 | 3133X8AK8 | 2.5000 | 02/24/06 | 13,490,000.00 | 13,453,101.95 | 83,375.69 |
| | FEDERAL HOME LOAN BANK | 23626 | 3133MQSS4 | 3.5000 | 08/15/06 | 19,335,000.00 | 19,199,461.26 | 223,695.21 |
| | FEDERAL HOME LOAN BANK | 23627 | 3133X85Z1 | 2.8750 | 08/15/06 | 25,000,000.00 | 24,730,204.92 | 237,586.81 |
| | FEDERAL HOME LOAN BANK | 23628 | 3133X14N4 | 2.8750 | 09/15/06 | 11,000,000.00 | 10,864,808.00 | 78,184.03 |
| | FEDERAL HOME LOAN BANK | 23654 | 3133XEA25 | 4.6000 | 06/20/06 | 20,000,000.00 | 20,001,315.38 | 0.00 |
| | FEDERAL HOME LOAN BANK | 23674 | 3133MD6L2 | 5.3750 | 02/15/06 | 2,000,000.00 | 2,002,215.51 | 39,715.28 |
| | FEDERAL HOME LOAN BANK | 23685 | 3133MDJP9 | 5.1250 | 03/06/06 | 1,500,000.00 | 1,501,819.03 | 24,130.21 |
| | FEDERAL HOME LOAN BANK | 23726 | 3133MW2M2 | 2.3750 | 02/15/06 | 13,000,000.00 | 12,976,145.00 | 126,930.56 |

General Portfolio

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|-----------------------------|--------------------------------|---------------|-----------|--------|----------|----------------|------------------|--------------------|
| | FEDERAL HOME LOAN BK C4/11/06 | 23749 | 3133XBFD2 | 4.5000 | 04/11/08 | 10,000,000.00 | 9,957,700.00 | 127,500.00 |
| | FEDERAL HOME LOAN BANK | 23752 | 3133MD6L2 | 5.3750 | 02/15/06 | 4,000,000.00 | 4,001,630.00 | 94,958.33 |
| | FEDERAL HOME LOAN BANK Totals: | | | | | 272,355,000.00 | 271,440,331.30 | 1,154,716.85 |
| GOFR - GOVT OB FUND-RESERVE | | 23771 | RUGXX | 4.4700 | 02/01/06 | 40,000,000.00 | 40,000,000.00 | 0.00 |
| | GOVT OB FUND-RESERVE Totals: | | | | | 40,000,000.00 | 40,000,000.00 | 0.00 |
| HLDN - FHLB DISC NOTES | | 23584 | 313385SN7 | 4.1550 | 02/01/06 | 40,000,000.00 | 39,709,150.00 | 0.00 |
| | FHLB DISC NOTES | 23629 | 313385YB6 | 4.4200 | 06/14/06 | 25,000,000.00 | 24,441,361.11 | 0.00 |
| | FHLB DISC NOTES | 23631 | 313385UG9 | 4.3100 | 03/15/06 | 13,312,000.00 | 13,166,969.46 | 0.00 |
| | FHLB DISC NOTES | 23632 | 313385TZ9 | 4.2850 | 03/08/06 | 27,000,000.00 | 26,730,045.00 | 0.00 |
| | FHLB DISC NOTES | 23653 | 313385TK2 | 4.2500 | 02/22/06 | 2,100,000.00 | 2,084,133.33 | 0.00 |
| | FHLB DISC NOTES | 23663 | 313385TK2 | 4.2300 | 02/22/06 | 9,000,000.00 | 8,934,435.00 | 0.00 |
| | FHLB DISC NOTES | 23675 | 313385TM8 | 4.2000 | 02/24/06 | 2,000,000.00 | 1,986,466.67 | 0.00 |
| | FHLB DISC NOTES | 23676 | 313385TM8 | 4.2200 | 02/24/06 | 27,547,000.00 | 27,359,711.01 | 0.00 |
| | FHLB DISC NOTES | 23684 | 313385TJ5 | 4.2100 | 02/21/06 | 1,000,000.00 | 993,685.00 | 0.00 |
| | FHLB DISC NOTES | 23686 | 313385UX2 | 4.2300 | 03/30/06 | 40,000,000.00 | 39,572,300.00 | 0.00 |
| | FHLB DISC NOTES | 23697 | 313385SN7 | 4.1740 | 02/01/06 | 10,000,000.00 | 9,967,535.56 | 0.00 |
| | FHLB DISC NOTES | 23698 | 313385SN7 | 4.2000 | 02/01/06 | 50,000,000.00 | 49,836,666.67 | 0.00 |
| | FHLB DISC NOTES | 23705 | 313385SN7 | 4.1600 | 02/01/06 | 8,000,000.00 | 7,975,040.00 | 0.00 |
| | FHLB DISC NOTES | 23708 | 313385SN7 | 4.1700 | 02/01/06 | 4,000,000.00 | 3,987,953.33 | 0.00 |
| | FHLB DISC NOTES | 23709 | 313385SN7 | 4.1700 | 02/01/06 | 25,000,000.00 | 24,924,708.33 | 0.00 |
| | FHLB DISC NOTES | 23713 | 313385TK2 | 4.2700 | 02/22/06 | 3,000,000.00 | 2,984,343.33 | 0.00 |
| | FHLB DISC NOTES | 23714 | 313385UB0 | 4.2700 | 03/10/06 | 20,000,000.00 | 19,857,666.67 | 0.00 |
| | FHLB DISC NOTES | 23718 | 313385TK2 | 4.2100 | 02/22/06 | 25,000,000.00 | 24,874,284.72 | 0.00 |
| | FHLB DISC NOTES | 23724 | 313385TS5 | 4.2550 | 03/01/06 | 25,000,000.00 | 24,858,166.67 | 0.00 |
| | FHLB DISC NOTES | 23727 | 313385TS5 | 4.2550 | 03/01/06 | 40,000,000.00 | 39,777,794.44 | 0.00 |
| | FHLB DISC NOTES | 23728 | 313385TS5 | 4.2600 | 03/01/06 | 6,400,000.00 | 6,364,405.33 | 0.00 |
| | FHLB DISC NOTES | 23735 | 313385TC0 | 4.2850 | 02/15/06 | 5,000,000.00 | 4,983,336.11 | 0.00 |
| | FHLB DISC NOTES | 23738 | 313385TC0 | 4.2850 | 02/15/06 | 2,500,000.00 | 2,491,965.63 | 0.00 |
| | FHLB DISC NOTES | 23740 | 313385TE6 | 4.3100 | 02/17/06 | 25,000,000.00 | 24,916,194.44 | 0.00 |
| | FHLB DISC NOTES | 23746 | 313385ST4 | 4.2500 | 02/06/06 | 10,000,000.00 | 9,983,472.22 | 0.00 |
| | FHLB DISC NOTES | 23753 | 313385TE6 | 4.3200 | 02/17/06 | 10,000,000.00 | 9,971,200.00 | 0.00 |
| | FHLB DISC NOTES | 23757 | 313385TC0 | 4.3200 | 02/15/06 | 25,000,000.00 | 24,937,000.00 | 0.00 |
| | FHLB DISC NOTES | 23760 | 313385ST4 | 4.2900 | 02/06/06 | 20,000,000.00 | 19,973,763.33 | 0.00 |
| | FHLB DISC NOTES | 23763 | 313385ST4 | 4.3400 | 02/06/06 | 10,000,000.00 | 9,987,944.44 | 0.00 |
| | FHLB DISC NOTES | 23764 | 313385ST4 | 4.3400 | 02/06/06 | 38,971,000.00 | 38,924,018.29 | 0.00 |
| | FHLB DISC NOTES Totals: | | | | | 549,830,000.00 | 546,555,736.09 | 0.00 |

General Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest As of: 01/31/06

Page: 6

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|--|------------------------------------|---------------|-----------|--------|----------|-------------------------|-------------------------|---------------------|
| NOTE - U.S. TREASURY NOTES | | | | | | | | |
| | U.S. TREASURY NOTES | 22393 | 912828BP4 | 2.6250 | 11/15/06 | 15,000,000.00 | 14,993,737.42 | 0.00 |
| | U.S. TREASURY NOTES | 22566 | 912828DD9 | 2.8750 | 11/30/06 | 25,000,000.00 | 24,983,759.08 | 0.00 |
| | U.S. TREASURY NOTES | 22634 | 912828BY5 | 2.2500 | 02/15/07 | 20,000,000.00 | 19,815,453.85 | 0.00 |
| | U.S. TREASURY NOTES | 22635 | 912828CG3 | 3.1250 | 05/15/07 | 20,000,000.00 | 19,987,355.49 | 0.00 |
| | U.S. TREASURY NOTES | 23384 | 912828AY6 | 2.0000 | 05/15/06 | 30,000,000.00 | 29,786,739.40 | 0.00 |
| | U.S. TREASURY NOTES Totals: | | | | | 110,000,000.00 | 109,567,045.24 | 0.00 |
| REPO/AGREE - REPURCHASE AGREEMENT | | | | | | | | |
| | REPO-GOLDMAN | 23732 | | 4.2400 | 02/01/06 | 50,000,000.00 | 50,000,000.00 | 0.00 |
| | REPO-GOLDMAN | 23767 | | 4.4300 | 02/02/06 | 29,000,000.00 | 29,000,000.00 | 0.00 |
| | REPO-GOLDMAN | 23770 | | 4.4100 | 02/01/06 | 32,000,000.00 | 32,000,000.00 | 0.00 |
| | REPURCHASE AGREEMENT Totals: | | | | | 111,000,000.00 | 111,000,000.00 | 0.00 |
| TCD - TIME CERT OF DEPOSIT | | | | | | | | |
| | TIME CERT OF DEP-HERITAGE BANK | 22758 | PHYSICAL | 3.0000 | 02/17/06 | 100,000.00 | 100,000.00 | 0.00 |
| | TIME CERT OF DEP-US BANK | 23020 | PHYSICAL | 3.6300 | 08/24/06 | 100,000.00 | 100,000.00 | 0.00 |
| | TIME CERT OF DEP-BANK OF WEST | 23205 | PHYSICAL | 3.2500 | 09/01/06 | 750,000.00 | 750,000.00 | 0.00 |
| | TIME CERT OF DEP-NV SECURITY | 23233 | PHYSICAL | 4.2500 | 08/11/06 | 4,000,000.00 | 4,000,000.00 | 0.00 |
| | TIME CERT OF DEP-WELLS FARGO | 23401 | PHYSICAL | 3.9200 | 10/03/06 | 3,000,000.00 | 3,000,000.00 | 0.00 |
| | TIME CERT OF DEP-NEVADA SEC | 23801 | PHYSICAL | 4.5000 | 12/02/06 | 1,000,000.00 | 1,000,000.00 | 0.00 |
| | TIME CERT OF DEP-COLONIAL | 23742 | PHYSICAL | 4.6000 | 12/20/06 | 50,000.00 | 50,000.00 | 0.00 |
| | TIME CERT OF DEPOSIT Totals: | | | | | 9,000,000.00 | 9,000,000.00 | 0.00 |
| USTN - U.S. Treasury Notes | | | | | | | | |
| | U.S. Treasury Notes | 21544 | 912828BP4 | 2.6250 | 11/15/06 | 10,000,000.00 | 10,016,288.81 | 0.00 |
| | U.S. Treasury Notes | 21545 | 912828BP4 | 2.6250 | 11/15/06 | 10,000,000.00 | 10,009,075.19 | 0.00 |
| | U.S. Treasury Notes Totals: | | | | | 20,000,000.00 | 20,025,364.00 | 0.00 |
| | Totals for GENFD Portfolio: | | | | | 1,805,314,000.00 | 1,797,664,766.68 | 1,330,376.80 |

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|------------------------------------|----------------------------------|---------------|-----------|--------|----------|----------------|------------------|--------------------|
| LGIP - LOCAL GOVT INVESTMENT POOL | | | | | | | | |
| CD - CERTIFICATE OF DEPOSIT | | | | | | | | |
| | CERT OF DEPOSIT-RABO | 9767 | 74977D4L6 | 4.3000 | 02/21/06 | 20,000,000.00 | 20,000,579.11 | 0.00 |
| | CERT OF DEP-WELLS FARGO | 9781 | 9497P4SP9 | 4.3600 | 02/24/06 | 20,000,000.00 | 20,000,000.00 | 0.00 |
| | CERT OF DEP-CITI | 9789 | 17304TL27 | 4.4750 | 03/29/06 | 20,000,000.00 | 20,000,000.00 | 0.00 |
| | CERT OF DEPOSIT-UBS | 9817 | 90262QWQ5 | 4.4350 | 03/20/06 | 20,000,000.00 | 20,000,396.62 | 0.00 |
| | CERTIFICATE OF DEPOSIT Totals: | | | | | 80,000,000.00 | 80,000,975.73 | 0.00 |
| CPD - COMMERCIAL PAPER | | | | | | | | |
| | COMM PAPER-CITI | 9746 | 17307SB68 | 4.2750 | 02/06/06 | 15,000,000.00 | 14,905,593.75 | 0.00 |
| | COMM PAPER-UBS | 9782 | 90262DC60 | 4.3750 | 03/06/06 | 25,000,000.00 | 24,793,402.78 | 0.00 |
| | COMM PAPER-CITI | 9788 | 17307SCD2 | 4.3600 | 03/13/06 | 10,000,000.00 | 9,910,377.78 | 0.00 |
| | COMM PAPER-MET LIFE | 9804 | 59067BB30 | 4.2500 | 02/03/06 | 10,000,000.00 | 9,964,583.33 | 0.00 |
| | COMM PAPER-GE | 9856 | 36959JB85 | 4.3600 | 02/08/06 | 16,000,000.00 | 15,970,933.33 | 0.00 |
| | COMM PAPER-RABO | 9876 | 74977LB14 | 4.4700 | 02/01/06 | 20,000,000.00 | 19,997,516.67 | 0.00 |
| | COMM PAPER-GE | 9877 | 36959JB85 | 4.4600 | 02/08/06 | 10,000,000.00 | 9,990,088.89 | 0.00 |
| | COMMERCIAL PAPER Totals: | | | | | 106,000,000.00 | 105,532,496.53 | 0.00 |
| FARMER/MAC - FARMER MAC DISC NOTES | | | | | | | | |
| | FARMER MAC DISC NOTES | 9794 | 31315LUX4 | 4.2700 | 03/30/06 | 15,000,000.00 | 14,839,875.00 | 0.00 |
| | FARMER MAC DISC NOTES | 9795 | 31315LUX4 | 4.2700 | 03/30/06 | 9,600,000.00 | 9,497,520.00 | 0.00 |
| | FARMER MAC DISC NOTES | 9796 | 31315LUX2 | 4.2700 | 03/31/06 | 4,000,000.00 | 3,956,825.56 | 0.00 |
| | FARMER MAC DISC NOTES | 9805 | 31315LTQ1 | 4.2400 | 02/27/06 | 10,000,000.00 | 9,936,400.00 | 0.00 |
| | FARMER MAC DISC NOTES | 9840 | 31315LTC2 | 4.2650 | 02/15/06 | 20,000,000.00 | 19,933,655.56 | 0.00 |
| | FARMER MAC DISC NOTES Totals: | | | | | 58,600,000.00 | 58,164,276.12 | 0.00 |
| FCDN - FFCB DISC NOTES | | | | | | | | |
| | FFCB DISC NOTES | 9826 | 313313TE8 | 4.2000 | 02/17/06 | 4,592,000.00 | 4,572,177.87 | 0.00 |
| | FFCB DISC NOTES | 9861 | 313313TB4 | 4.2800 | 02/14/06 | 8,000,000.00 | 7,980,977.78 | 0.00 |
| | FFCB DISC NOTES | 9862 | 313313TB4 | 4.2800 | 02/14/06 | 3,000,000.00 | 2,992,866.67 | 0.00 |
| | FFCB DISC NOTES Totals: | | | | | 15,592,000.00 | 15,546,022.32 | 0.00 |
| FFCB - FEDERAL FARM CREDIT BANK | | | | | | | | |
| | FEDERAL FARM CREDIT BANK | 9221 | 31331LEF1 | 5.4000 | 03/22/06 | 2,000,000.00 | 2,005,119.86 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 9278 | 31331LFM5 | 5.1500 | 04/17/06 | 10,000,000.00 | 10,030,809.43 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 9457 | 31331S5B5 | 4.0400 | 09/07/06 | 10,000,000.00 | 10,000,000.00 | 0.00 |
| | FEDERAL FARM CREDIT BANK Totals: | | | | | 22,000,000.00 | 22,035,929.29 | 0.00 |
| FHLB - FEDERAL HOME LOAN BANK | | | | | | | | |
| | FEDERAL HOME LOAN BANK | 9227 | 3133XBSY9 | 2.5000 | 03/30/06 | 10,000,000.00 | 9,983,595.96 | 0.00 |
| | FEDERAL HOME LOAN BANK | 9309 | 3133XADY4 | 2.1500 | 03/15/06 | 5,000,000.00 | 4,990,608.80 | 0.00 |
| | FEDERAL HOME LOAN BANK | 9669 | 3133MEU66 | 5.3750 | 05/15/06 | 3,380,000.00 | 3,388,758.54 | 1,009.31 |
| | FEDERAL HOME LOAN BANK | 9670 | 3133MEU66 | 5.3750 | 05/15/06 | 16,025,000.00 | 16,067,083.98 | 4,785.24 |

1/31/06 12:46 PM

STATE OF NEVADA
Portfolio Report with Purchased Interest
As of: 01/31/06

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|---|-----------------------------------|---------------|-----------|--------|----------|-----------------------|-----------------------|--------------------|
| | FEDERAL HOME LOAN BANK | 9898 | 3133X3DS9 | 2.0000 | 02/13/06 | 30,000,000.00 | 29,974,988.00 | 178,333.33 |
| | FEDERAL HOME LOAN BANK | 9759 | 3133XEA25 | 4.6000 | 06/20/06 | 20,000,000.00 | 20,001,076.92 | 0.00 |
| | FEDERAL HOME LOAN BANK | 9812 | 31339XQA5 | 2.0300 | 06/30/06 | 4,400,000.00 | 4,354,893.71 | 1,488.67 |
| | FEDERAL HOME LOAN BANK | 9830 | 3133MDJP9 | 5.1250 | 03/06/06 | 1,035,000.00 | 1,035,737.00 | 18,565.31 |
| | FEDERAL HOME LOAN BANK | 9878 | 3133X8TS1 | 2.3750 | 04/05/06 | 30,000,000.00 | 29,887,320.00 | 229,563.33 |
| | Totals: | | | | | 119,840,000.00 | 119,684,062.91 | 433,765.19 |
| GOFR - GOVT OB FUND-RESERVE | | | | | | | | |
| | GOVT OB FUND-RESERVE | 9879 | RUGXX | 4.4700 | 02/01/06 | 27,783,000.00 | 27,783,000.00 | 0.00 |
| | Totals: | | | | | 27,783,000.00 | 27,783,000.00 | 0.00 |
| HLDN - FHLB DISC NOTES | | | | | | | | |
| | FHLB DISC NOTES | 9768 | 313385TK2 | 4.2350 | 02/22/06 | 30,000,000.00 | 29,781,191.67 | 0.00 |
| | FHLB DISC NOTES | 9769 | 313385TK2 | 4.2300 | 02/22/06 | 20,000,000.00 | 19,854,300.00 | 0.00 |
| | FHLB DISC NOTES | 9783 | 313385UG9 | 4.2400 | 03/15/06 | 8,730,000.00 | 8,650,828.60 | 0.00 |
| | FHLB DISC NOTES | 9816 | 313385UB0 | 4.2700 | 03/10/06 | 20,000,000.00 | 19,857,666.67 | 0.00 |
| | FHLB DISC NOTES | 9825 | 313385SV9 | 4.2250 | 02/08/06 | 45,000,000.00 | 44,852,125.00 | 0.00 |
| | FHLB DISC NOTES | 9844 | 313385TC0 | 4.2850 | 02/15/06 | 3,547,000.00 | 3,535,600.83 | 0.00 |
| | FHLB DISC NOTES | 9857 | 313385TE6 | 4.3200 | 02/17/06 | 5,000,000.00 | 4,985,600.00 | 0.00 |
| | FHLB DISC NOTES | 9869 | 313385ST4 | 4.3400 | 02/06/06 | 20,000,000.00 | 19,975,888.89 | 0.00 |
| | Totals: | | | | | 152,277,000.00 | 151,493,201.66 | 0.00 |
| REPOAGREE - REPURCHASE AGREEMENT | | | | | | | | |
| | REPO-GOLDMAN | 9875 | | 4.4100 | 02/01/06 | 61,741,000.00 | 61,741,000.00 | 0.00 |
| | Totals: | | | | | 61,741,000.00 | 61,741,000.00 | 0.00 |
| | Totals for LGIP Portfolio: | | | | | 643,833,000.00 | 641,980,964.56 | 433,765.19 |

NVEST (Clark County) Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest

As of: 01/31/06

Page: 15

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|--|--------------------------------|---------------|-----------|--------|----------------|----------------------|----------------------|--------------------|
| NVESTCLCO - NVEST-CLARK COUNTY | | | | | | | | |
| ASSETB - ASSET-BACK | | | | | | | | |
| | ASSET-BACK-WACHOVIA AUTO 20TH | CLC102 | 92975UAW1 | 4.8400 | 04/20/11 | 3,000,000.00 | 2,999,573.10 | 0.00 |
| | ASSET-BACK-CHASE CC PAYS 15TH | CLC12 | 16151RAX1 | 5.5000 | 11/15/08 | 4,500,000.00 | 4,500,261.73 | 0.00 |
| | ASSET-BACK-CHASE PAYS 15TH | CLC14 | 161581CY7 | 1.8200 | 07/15/07 | 882,074.70 | 882,055.30 | 0.00 |
| | ASSET-BACK-HONDA PAYS 21ST | CLC15 | 43812GAC6 | 2.1400 | 04/21/07 | 645,593.76 | 645,512.99 | 0.00 |
| | ASSET-BACK-WFS FIN PAYS 20TH | CLC17 | 92926MAC3 | 1.7600 | 01/20/08 | 138,106.35 | 137,707.14 | 0.00 |
| | ASSET-BACK-CARMAX PAYS 15TH | CLC22 | 143128BL9 | 3.0700 | 10/15/10 | 4,500,000.00 | 4,499,556.75 | 0.00 |
| | ASSET-BACK-WACHOVIA PAYS 20TH | CLC33 | 92975UAD3 | 3.6600 | 07/20/10 | 4,000,000.00 | 3,998,919.60 | 0.00 |
| | ASSET-BACK-ONYX ACC PAYS 15TH | CLC36 | 68338SEN4 | 2.9400 | 11/15/08 | 3,000,000.00 | 2,999,644.20 | 0.00 |
| | ASSET-BACK-CAPITAL AUTO15TH | CLC39 | 139732ER8 | 3.1200 | 03/15/07 | 1,529,206.83 | 1,529,058.44 | 0.00 |
| | ASSET-BACK-AMERICREDIT AUTO 6 | CLC44 | 03061NHW2 | 3.6300 | 01/06/10 | 3,000,000.00 | 2,999,435.40 | 0.00 |
| | ASSET-BACK-WACHOVIA AUTO TR 20 | CLC50 | 92975UAR2 | 4.2300 | 11/20/11 | 1,000,000.00 | 999,836.90 | 0.00 |
| | ASSET-BACK-TRIAD AUTO PAYS 12 | CLC52 | 89578SAM5 | 4.0500 | 03/12/10 | 1,000,000.00 | 999,988.12 | 0.00 |
| | | | | | Totals: | 27,194,981.64 | 27,649,549.67 | 0.00 |
| ASSETBQT - ASSET BACK QUARTERLY | | | | | | | | |
| | ASSET BACK-WFS FIN PAYS 20TH | CLC51 | 92926JAE6 | 3.1100 | 08/20/10 | 3,713,568.93 | 3,888,328.29 | 0.00 |
| | ASSET BACK QTR-WFS FIN 20TH | CLC54 | 92926CAD3 | 4.5000 | 02/20/10 | 2,016,456.89 | 2,020,158.89 | 0.00 |
| | | | | | Totals: | 5,730,025.73 | 5,708,487.18 | 0.00 |
| CMO - COLLATERALIZED MTG OB | | | | | | | | |
| | COLL MTG OB-FHLMC PAYS 15TH | CLC11 | 31393RXL9 | 3.5000 | 05/01/06 | 958,849.90 | 983,907.34 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | CLC13 | 31393RVX5 | 4.0000 | 08/01/07 | 2,659,263.04 | 2,659,263.04 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | CLC16 | 31393JYV4 | 4.0000 | 03/01/07 | 710,618.40 | 723,498.37 | 0.00 |
| | COLL MTG OB-FNMA PAYS 25TH | CLC18 | 31359DRJ4 | 6.2500 | 03/01/06 | 297,667.02 | 311,108.55 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | CLC20 | 31394JLY1 | 4.0000 | 02/01/07 | 2,523,789.27 | 2,593,587.82 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | CLC24 | 31393CJH0 | 4.0000 | 05/01/06 | 902,783.95 | 923,237.64 | 0.00 |
| | COLL MTG OB-FNMA PAYS 25TH | CLC27 | 31393UF40 | 4.0000 | 02/01/07 | 2,489,329.45 | 2,547,284.14 | 0.00 |
| | COLL MTG OB-FNMA PAYS 25TH | CLC28 | 31393UXC2 | 4.0000 | 07/01/09 | 918,097.08 | 938,646.67 | 0.00 |
| | COLL MTG OB-FNMA PAYS 25TH | CLC29 | 31393CJ79 | 4.5000 | 06/01/08 | 1,000,000.00 | 1,035,585.94 | 0.00 |
| | COLL MTG OB-FNMA PAYS 25TH | CLC30 | 31393UXC2 | 4.0000 | 07/01/09 | 2,500,000.00 | 2,562,890.63 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | CLC35 | 31395CS28 | 4.0000 | 10/01/07 | 712,545.57 | 721,341.06 | 0.00 |
| | COLL MTG OB-FNMA PAYS 24TH | CLC40 | 31371LB40 | 3.5000 | 07/01/10 | 986,495.82 | 968,615.60 | 0.00 |
| | | | | | Totals: | 16,582,866.76 | 16,968,966.80 | 0.00 |
| FHLB - FEDERAL HOME LOAN BANK | | | | | | | | |
| | FEDERAL HOME LOAN BANK | CLC42 | 3133X7FK5 | 5.2500 | 06/18/14 | 4,250,000.00 | 4,454,763.94 | 0.00 |
| | FEDERAL HOME LOAN BANK | CLC55 | 3133XCQZ9 | 4.3750 | 09/17/10 | 3,760,000.00 | 3,751,971.86 | 0.00 |
| | FEDERAL HOME LOAN BANK | CLC56 | 3133XCQZ9 | 4.3750 | 09/17/10 | 6,740,000.00 | 6,725,609.13 | 0.00 |
| | | | | | Totals: | 14,750,000.00 | 14,932,344.93 | 0.00 |

NVEST (Clark County) Portfolio

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest | | |
|---------------------------------|--------------------------|----------------------------------|------------------------------|--------|----------|---------------|------------------|--------------------|--------------|------|
| FHLBSN - FHLB STRUC NOTE | FHLB STRUCTURED NOTE | CLC100 | 3133XDDP3 | 4.7500 | 10/25/10 | 3,925,207.88 | 3,912,941.61 | 0.00 | | |
| | | | FHLB STRUC NOTE Totals: | | | | | 3,925,207.88 | 3,912,941.61 | 0.00 |
| | | | | | | | | | | |
| FHLBMCMB - FHLBMC MORTGAGE BACK | FHLBMC MB PAYS 14TH | CLC43 | 3128H5EA0 | 4.0000 | 07/01/13 | 2,869,904.00 | 2,856,451.32 | 0.00 | | |
| | | | FHLBMC MORTGAGE BACK Totals: | | | | | 2,869,904.00 | 2,856,451.32 | 0.00 |
| | | | | | | | | | | |
| GNMA - Gov. Natl. Mortg. Assoc. | Gov. Natl. Mortg. Assoc. | CLC103 | 38374BBY8 | 3.0000 | 02/01/11 | 3,092,042.14 | 2,963,046.01 | 515.34 | | |
| | | CLC41 | 38373QFY2 | 5.5000 | 03/01/14 | 3,199,633.57 | 3,336,242.92 | 0.00 | | |
| | | CLC47 | 38373YNV2 | 5.5000 | 03/01/12 | 3,285,696.57 | 3,372,074.44 | 0.00 | | |
| | | CLC49 | 38374HPT1 | 5.5000 | 01/01/08 | 786,290.42 | 799,804.80 | 0.00 | | |
| | | Gov. Natl. Mortg. Assoc. Totals: | | | | | 10,363,662.70 | 10,471,168.17 | 515.34 | |
| NOTE - U.S. TREASURY NOTES | U.S. TREASURY NOTES | CLC104 | 912828ER7 | 4.3750 | 12/31/07 | 3,750,000.00 | 3,744,873.05 | 11,783.49 | | |
| | | CLC45 | 912828DL1 | 3.5000 | 02/15/10 | 3,000,000.00 | 2,947,977.83 | 0.00 | | |
| | | CLC97 | 912828DZ0 | 3.8750 | 07/15/10 | 3,000,000.00 | 2,956,501.15 | 0.00 | | |
| | | CLC98 | 912828ED8 | 4.1250 | 08/15/10 | 3,600,000.00 | 3,644,901.71 | 7,263.59 | | |
| | | CLC99 | 912828EC0 | 4.1250 | 08/15/08 | 1,750,000.00 | 1,750,249.48 | 23,203.13 | | |
| | | U.S. TREASURY NOTES Totals: | | | | | 15,100,000.00 | 15,044,503.22 | 42,250.21 | |
| TBILL - U.S. TREASURY BILLS | U.S. TREASURY BILLS | CLC101 | 912795WP2 | 3.9150 | 02/16/06 | 2,500,000.00 | 2,475,531.25 | 0.00 | | |
| | | U.S. TREASURY BILLS Totals: | | | | | 2,500,000.00 | 2,475,531.25 | 0.00 | |
| | | | | | | | | | | |
| Totals for NVESTCLCO Portfolio: | | | | | | 99,016,648.71 | 100,019,944.15 | 42,765.55 | | |

PSF Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest As of: 01/31/06

Page: 37

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|---------------------------------|----------------------------------|---------------|-----------|--------|----------|----------------|------------------|--------------------|
| PSF - PERMANENT SCHOOL FUND | | | | | | | | |
| FFCB - FEDERAL FARM CREDIT BANK | | | | | | | | |
| | FEDERAL FARM CREDIT BANK | 19608 | 31331LJK5 | 6.0000 | 05/11/08 | 10,000,000.00 | 10,014,828.62 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 21486 | 31331TMB4 | 2.7000 | 11/24/06 | 10,000,000.00 | 10,000,000.00 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 21553 | 31331TMT5 | 3.3750 | 05/12/08 | 10,000,000.00 | 10,000,000.00 | 0.00 |
| | FED FARM CREDIT BANK CALLCONT | 22003 | 31331TYS4 | 1.8400 | 04/07/06 | 5,000,000.00 | 4,987,402.60 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22004 | 31331TB26 | 2.1500 | 04/05/07 | 8,000,000.00 | 7,873,395.45 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22141 | 31331TK6 | 3.5000 | 07/02/07 | 6,000,000.00 | 5,998,498.63 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22507 | 31331SFP3 | 3.3000 | 11/05/08 | 7,300,000.00 | 7,243,491.66 | 0.00 |
| | FEDERAL FARM CR BK C12/22/06 | 22625 | 31331SJL8 | 4.1800 | 12/22/09 | 10,000,000.00 | 9,964,896.70 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22752 | 31331SFP3 | 3.3000 | 11/05/08 | 10,000,000.00 | 9,865,450.48 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 22755 | 31331SPD9 | 3.8500 | 02/11/09 | 7,675,000.00 | 7,670,560.94 | 0.00 |
| | FEDERAL FARM CREDIT BANK | 23374 | 31331SAK6 | 4.2000 | 08/28/07 | 15,000,000.00 | 14,972,606.22 | 50,750.00 |
| | FEDERAL FARM CREDIT BANK Totals: | | | | | 98,975,000.00 | 98,591,131.30 | 50,750.00 |
| FHLB - FEDERAL HOME LOAN BANK | | | | | | | | |
| | FEDERAL HOME LOAN BANK | 19574 | 3133MDJP9 | 5.1250 | 03/06/06 | 9,000,000.00 | 8,993,992.07 | 0.00 |
| | FEDERAL HOME LOAN BK C3/22/06 | 21401 | 31339XWN0 | 2.0500 | 06/22/06 | 6,500,000.00 | 6,482,412.26 | 0.00 |
| | FEDERAL HOME LOAN BK C4/23/06 | 21726 | 31339YHD7 | 4.0000 | 07/23/10 | 13,000,000.00 | 12,904,660.84 | 0.00 |
| | FEDERAL HOME LOAN BANK | 21828 | 3133X4C66 | 2.6250 | 02/16/07 | 6,100,000.00 | 6,106,840.80 | 0.00 |
| | FEDERAL HOME LOAN BK | 22624 | 3133X9UY4 | 4.1250 | 12/23/08 | 10,000,000.00 | 9,985,129.67 | 0.00 |
| | FEDERAL HOME LOAN BK C2/22/06 | 22770 | 3133XAS40 | 3.8450 | 02/22/08 | 6,525,000.00 | 6,506,693.26 | 0.00 |
| | FEDERAL HOME LOAN BANK | 23094 | 3133XAUJ1 | 4.0000 | 02/12/10 | 7,000,000.00 | 6,982,184.34 | 0.00 |
| | FEDERAL HOME LOAN BANK | 23122 | 31339XMX9 | 3.6600 | 09/30/10 | 5,500,000.00 | 5,397,618.96 | 0.00 |
| | FEDERAL HOME LOAN BK C2/28/06 | 23373 | 3133XD6G1 | 4.3500 | 09/28/07 | 8,975,000.00 | 8,949,342.87 | 0.00 |
| | FEDERAL HOME LOAN BK C 7/7/06 | 23375 | 3133XCCS0 | 4.2500 | 07/07/08 | 13,000,000.00 | 12,887,591.47 | 0.00 |
| | FEDERAL HOME LOAN BK C5/2/06 | 23609 | 3133XDPD7 | 4.8000 | 05/02/08 | 4,000,000.00 | 3,989,857.37 | 18,666.67 |
| | FEDERAL HOME LOAN BANK Totals: | | | | | 89,600,000.00 | 89,186,323.91 | 18,666.67 |
| FNMA - FED NAT MTG ASSOC | | | | | | | | |
| | FED NAT MTG ASSOC | 18746 | 31359MDJ9 | 5.7500 | 02/15/08 | 10,675,000.00 | 10,428,629.60 | 0.00 |
| | FED NAT MTG ASSOC | 20932 | 3136F3RT5 | 3.2500 | 05/14/08 | 5,000,000.00 | 4,999,630.11 | 0.00 |
| | FED NAT MTG ASSOC Totals: | | | | | 15,675,000.00 | 15,428,259.71 | 0.00 |
| NOTE - U.S. TREASURY NOTES | | | | | | | | |
| | U.S. TREASURY NOTES | 21023 | 912828AY6 | 2.0000 | 05/15/06 | 4,000,000.00 | 4,004,982.14 | 0.00 |
| | U.S. TREASURY NOTES | 21024 | 912828AZ3 | 2.6250 | 05/15/08 | 4,000,000.00 | 4,017,322.43 | 0.00 |
| | U.S. TREASURY NOTES Totals: | | | | | 8,000,000.00 | 8,022,304.57 | 0.00 |
| | Totals for PSF Portfolio: | | | | | 212,250,000.00 | 211,228,019.49 | 69,416.67 |

PPCT (Trusco Capital) Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest

As of: 01/31/06

Page: 34

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|---|-----------------------------------|---------------|--------------------------------|--------|----------|------------|------------------|--------------------|
| PPCTTR - PREPAID COLLEGE TUITION TRUSCO | ASSETB - ASSET-BACK | PPCT46 | 46625M2B4 | 4.4040 | 01/12/39 | 135,000.00 | 135,674.06 | 0.00 |
| | | | ASSET-BACK Totals: | | | 135,000.00 | 135,674.06 | 0.00 |
| | ASSETBSA - ASSET BACK SEMI-ANNUAL | PPCT16 | 17305ECA1 | 2.5500 | 01/20/09 | 235,000.00 | 234,934.20 | 0.00 |
| | | | ASSET BACK SEMI-ANNUAL Totals: | | | 235,000.00 | 234,934.20 | 0.00 |
| | CMO - COLLATERALIZED MTG OB | PPCT151 | 46625YGL1 | 4.6250 | 03/01/10 | 110,000.00 | 110,546.04 | 0.00 |
| | | PPCT174 | 46625YGL1 | 4.6250 | 04/01/10 | 25,000.00 | 24,911.13 | 0.00 |
| | | PPCT183 | 12669GAR2 | 6.0000 | 03/01/06 | 65,642.06 | 65,642.06 | 0.00 |
| | | PPCT184 | 396789LG2 | 5.1170 | 11/01/10 | 255,000.00 | 256,267.35 | 0.00 |
| | | PPCT70 | 466247LW1 | 4.4840 | 02/01/10 | 185,000.00 | 184,103.91 | 0.00 |
| | | PPCT71 | 466247LW1 | 4.4840 | 02/01/10 | 36,208.29 | 36,015.94 | 0.00 |
| | | PPCT73 | 396789JR1 | 4.3050 | 01/01/10 | 180,000.00 | 180,898.56 | 0.00 |
| | | | COLLATERALIZED MTG OB Totals: | | | 858,850.35 | 858,384.99 | 0.00 |
| CNOT - CORPORATE NOTES | CORP NOTES-VERIZON GLOBAL | PPCT15 | 92344GAM8 | 7.7500 | 12/01/30 | 30,000.00 | 35,658.44 | 0.00 |
| | | PPCT158 | 172967BP5 | 5.6250 | 08/27/12 | 50,000.00 | 52,560.51 | 0.00 |
| | CORP NOTES-CITIGROUP INC | PPCT159 | 172967AX9 | 6.2000 | 03/15/09 | 50,000.00 | 52,812.61 | 0.00 |
| | | PPCT160 | 38141GCS1 | 4.1250 | 01/15/08 | 100,000.00 | 99,926.20 | 0.00 |
| | CORP NOTES-GOLDMAN SACHS GRP | PPCT162 | 617446HB8 | 5.8000 | 04/01/07 | 160,000.00 | 163,230.93 | 0.00 |
| | | PPCT165 | 125581AE8 | 4.0000 | 05/08/08 | 45,000.00 | 44,841.17 | 0.00 |
| | CORP NOTES-GOLDEN WEST FIN | PPCT169 | 381317AP1 | 4.1250 | 08/15/07 | 150,000.00 | 149,894.37 | 0.00 |
| | | PPCT170 | 073902CF3 | 3.2500 | 03/25/09 | 165,000.00 | 158,905.86 | 0.00 |
| | CORP NOTES-MERRILL LYNCH & CO | PPCT171 | 59018YVW0 | 4.7900 | 08/04/10 | 115,000.00 | 115,000.00 | 0.00 |
| | | PPCT172 | 22541LBK8 | 5.1250 | 08/15/15 | 65,000.00 | 64,513.14 | 0.00 |
| | CORP NOTES-BANC ONE CORP | PPCT175 | 059438AJ0 | 7.6000 | 05/01/07 | 125,000.00 | 130,107.54 | 0.00 |
| | | PPCT178 | 441812KH6 | 4.1250 | 11/16/09 | 125,000.00 | 123,163.71 | 0.00 |
| | CORP NOTES-HOUSEHOLD FIN CO | PPCT179 | 36962GP57 | 4.1250 | 03/04/08 | 50,000.00 | 49,778.60 | 108.85 |
| | | PPCT181 | 617446HR3 | 5.3000 | 03/01/13 | 15,000.00 | 15,035.20 | 110.42 |
| | CORP NOTES-GEN ELEC CAP CORP | PPCT188 | 949746NB3 | 4.8750 | 01/12/11 | 20,000.00 | 19,970.20 | 0.00 |
| | | PPCT190 | 949746NB3 | 4.8750 | 01/12/11 | 100,000.00 | 99,947.00 | 0.00 |
| | CORP NOTES-WELLS FARGO CO. | PPCT21 | 92344GAL0 | 7.2500 | 12/01/10 | 115,000.00 | 127,929.47 | 0.00 |
| | | PPCT31 | 38143VAA7 | 6.3450 | 02/15/34 | 50,000.00 | 50,000.00 | 0.00 |
| | CORP NOTES-GOLDMAN SACHS GRP | PPCT32 | 38143VAA7 | 6.3450 | 02/15/34 | 45,000.00 | 45,209.77 | 0.00 |
| | | PPCT33 | 38143VAA7 | 6.3450 | 02/15/34 | 25,000.00 | 25,116.54 | 0.00 |
| | CORP NOTES-PRUDENTIAL FIN INC | PPCT48 | 74432QAD7 | 4.7500 | 04/01/14 | 90,000.00 | 89,766.10 | 0.00 |

PPCT (Trusco Capital) Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest

As of: 01/31/06

Page: 35

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|--|---|---------------|-----------|--------|----------|---------------------|---------------------|--------------------|
| | CORP NOTES-VERIZON GLOBAL | PPCT57 | 92344GAL0 | 7.2500 | 12/01/10 | 47,000.00 | 52,614.91 | 0.00 |
| | CORP NOTES-GENERAL ELEC CO | PPCT59 | 36962GM68 | 4.3750 | 11/21/11 | 205,000.00 | 203,962.26 | 0.00 |
| | CORP NOTES-WACHOVIA CORP | PPCT61 | 929771AC7 | 6.3750 | 02/01/09 | 170,000.00 | 181,587.25 | 0.00 |
| | CORP NOTES-CIT GROUP INC | PPCT72 | 125581AQ1 | 4.2500 | 02/01/10 | 110,000.00 | 109,588.08 | 0.00 |
| | CORPORATE NOTES Totals: | | | | | 2,222,000.00 | 2,261,119.86 | 219.27 |
| FHLB - FEDERAL HOME LOAN BANK | | | | | | | | |
| | FEDERAL HOME LOAN BANK | PPCT1 | 3133MYRR0 | 2.6250 | 05/15/07 | 165,000.00 | 164,631.40 | 0.00 |
| | FEDERAL HOME LOAN BANK | PPCT157 | 3133XAN60 | 3.3750 | 02/15/07 | 555,000.00 | 552,341.63 | 0.00 |
| | FEDERAL HOME LOAN BANK | PPCT186 | 3133XCFF5 | 3.7500 | 01/16/07 | 150,000.00 | 148,439.37 | 0.00 |
| | FEDERAL HOME LOAN BANK Totals: | | | | | 870,000.00 | 865,412.40 | 0.00 |
| FHLC - FED HOME LOAN MTG CORP | | | | | | | | |
| | FED HOME LOAN MTG CORP | PPCT2 | 3134A4EV0 | 5.8750 | 03/21/11 | 250,000.00 | 265,046.33 | 0.00 |
| | FED HOME LOAN MTG CORP Totals: | | | | | 250,000.00 | 265,046.33 | 0.00 |
| FHLMCB - FHLMC MORTGAGE BACK | | | | | | | | |
| | FHLMC MB PAYS 14TH | PPCT13 | 312963A84 | 4.5000 | 11/01/18 | 372,439.12 | 375,232.42 | 0.00 |
| | FHLMC MB PAYS 14TH | PPCT28 | 31283KTJ7 | 6.0000 | 10/01/14 | 117,930.09 | 124,305.68 | 0.00 |
| | FHLMC MB PAYS 14TH | PPCT37 | 31335H3F8 | 5.5000 | 02/01/24 | 427,847.76 | 444,961.69 | 0.00 |
| | FHLMC MB PAYS 14TH | PPCT42 | 31294KWE1 | 5.0000 | 01/01/19 | 394,005.87 | 406,872.61 | 0.00 |
| | FHLMC MB PAYS 14TH | PPCT44 | 31294KX91 | 5.5000 | 03/01/19 | 187,571.87 | 196,100.52 | 0.00 |
| | FHLMC MORTGAGE BACK Totals: | | | | | 1,499,794.71 | 1,547,472.92 | 0.00 |
| FNMA - FED NAT MTG ASSOC | | | | | | | | |
| | FED NAT MTG ASSOC | PPCT34 | 31359MTX1 | 2.6250 | 01/19/07 | 250,000.00 | 249,954.76 | 0.00 |
| | FED NAT MTG ASSOC Totals: | | | | | 250,000.00 | 249,954.76 | 0.00 |
| FNIMAMB - FNMA MTG BACK | | | | | | | | |
| | FNMA MB PAYS 24TH | PPCT19 | 31404BKM3 | 5.5000 | 01/01/34 | 217,880.51 | 222,884.96 | 0.00 |
| | FNMA MB PAYS 24TH | PPCT25 | 31385JJC3 | 6.5000 | 07/01/32 | 406,538.99 | 426,992.97 | 0.00 |
| | FNMA MB PAYS 24TH | PPCT26 | 31403B4P5 | 5.0000 | 09/01/33 | 268,003.06 | 267,123.66 | 0.00 |
| | FNMA MB PAYS 24TH | PPCT43 | 31371LMH9 | 5.5000 | 02/01/24 | 429,941.37 | 445,661.11 | 0.00 |
| | FNMA MB PAYS 24TH | PPCT47 | 31404LTH3 | 6.0000 | 02/01/34 | 440,793.93 | 459,389.93 | 0.00 |
| | FNMA MTG BACK Totals: | | | | | 1,763,157.86 | 1,822,052.63 | 0.00 |
| GNMA - Gov. Natl. Mortg. Assoc. | | | | | | | | |
| | Gov. Natl. Mortg. Assoc. | PPCT185 | 38373TY33 | 5.8810 | 08/01/12 | 287,905.61 | 292,988.95 | 0.00 |
| | Gov. Natl. Mortg. Assoc. Totals: | | | | | 287,905.61 | 292,988.95 | 0.00 |
| NOTE - U.S. TREASURY NOTES | | | | | | | | |
| | U.S. TREASURY NOTES | PPCT155 | 912828BY5 | 2.2500 | 02/15/07 | 300,000.00 | 294,895.73 | 0.00 |
| | U.S. TREASURY NOTES | PPCT156 | 912828CJ7 | 4.7500 | 05/15/14 | 60,000.00 | 61,135.95 | 0.00 |
| | U.S. TREASURY NOTES | PPCT168 | 912828DX5 | 3.6250 | 06/15/10 | 500,000.00 | 498,948.35 | 0.00 |
| | U.S. TREASURY NOTES | PPCT173 | 9128276J6 | 5.7500 | 08/15/10 | 1,000,000.00 | 1,067,566.04 | 625.00 |

PPCT (Trusco Capital) Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest

As of: 01/31/06

Page: 36

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|------------------------------|------------------------|---------------|------------------------------|--------|----------|---------------|------------------|--------------------|
| | U.S. TREASURY NOTES | PPCT176 | 912828CJ7 | 4.7500 | 05/15/14 | 440,000.00 | 458,155.77 | 0.00 |
| | U.S. TREASURY NOTES | PPCT177 | 912828CS7 | 3.5000 | 08/15/09 | 1,000,000.00 | 984,589.92 | 2,758.15 |
| | U.S. TREASURY NOTES | PPCT180 | 912828DX5 | 3.6250 | 06/15/10 | 500,000.00 | 489,241.18 | 0.00 |
| | U.S. TREASURY NOTES | PPCT191 | 912810EZ7 | 6.6250 | 02/15/27 | 585,000.00 | 742,812.89 | 16,323.96 |
| | U.S. TREASURY NOTES | PPCT36 | 9128276J6 | 5.7500 | 08/15/10 | 340,000.00 | 376,579.46 | 0.00 |
| | U.S. TREASURY NOTES | PPCT64 | 912828BY5 | 2.2500 | 02/15/07 | 1,000,000.00 | 990,876.14 | 0.00 |
| | U.S. TREASURY NOTES | PPCT65 | 912828CE8 | 3.1250 | 04/15/09 | 500,000.00 | 493,978.47 | 0.00 |
| | U.S. TREASURY NOTES | PPCT66 | 9128276T4 | 5.0000 | 02/15/11 | 500,000.00 | 526,183.78 | 0.00 |
| | U.S. TREASURY NOTES | PPCT69 | 912828CS7 | 3.5000 | 08/15/09 | 125,000.00 | 124,591.63 | 0.00 |
| | U.S. TREASURY NOTES | PPCT8 | 912810DX3 | 7.5000 | 11/15/16 | 150,000.00 | 184,216.32 | 0.00 |
| | | | U.S. TREASURY NOTES Totals: | | | 7,000,000.00 | 7,293,771.63 | 19,707.11 |
| TII - USTREASURY INF INDEX | | | | | | | | |
| | USTREASURY INF INDEX | PPCT55 | 912828BD1 | 1.8750 | 07/15/13 | 317,790.00 | 321,017.14 | 0.00 |
| | USTREASURY INF INDEX | PPCT56 | 912810FD5 | 3.6250 | 04/15/28 | 360,870.00 | 445,496.62 | 0.00 |
| | | | USTREASURY INF INDEX Totals: | | | 678,660.00 | 766,513.76 | 0.00 |
| Totals for PPCTTR Portfolio: | | | | | | 16,048,368.53 | 16,593,326.49 | 19,926.38 |

General Portfolio (Atlanta Capital) Portfolio

1/31/06 12:46 PM
STATE OF NEVADA
Portfolio Report with Purchased Interest
As of: 01/31/06
Page: 1

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest |
|--|-------------------------------|---------------|-----------|----------------------------------|----------|---------------|------------------|--------------------|
| ATCAP - ATLANTA CAPITAL ASSET MGT | | | | | | | | |
| ASSETB - ASSET-BACK | | | | | | | | |
| | ASSET-BACK-CARMAX PAYS 15TH | 105ATCAP | 143128AZ9 | 3.3400 | 02/15/08 | 281,680.84 | 281,657.92 | 0.00 |
| | ASSET-BACK-CAPITAL AUTO 15TH | 125ATCAP | 139732DW8 | 1.4400 | 02/15/07 | 14,212.01 | 14,029.92 | 0.00 |
| | ASSET-BACK-CARMAX PAYS 15TH | 131ATCAP | 143128BL9 | 3.0700 | 10/15/10 | 1,500,000.00 | 1,499,852.25 | 0.00 |
| | ASSET-BACK-HONDA PAYS 21ST | 161ATCAP | 43812GAC6 | 2.1400 | 04/21/07 | 208,256.05 | 208,230.00 | 0.00 |
| | ASSET-BACK-WACHOVIA PAYS 20TH | 172ATCAP | 92975UAD3 | 3.6600 | 07/20/10 | 2,500,000.00 | 2,499,324.75 | 0.00 |
| | ASSET-BACK-ONYX ACC PAYS 15TH | 177ATCAP | 68338SEN4 | 2.9400 | 11/15/08 | 2,000,000.00 | 1,999,762.80 | 0.00 |
| | ASSET-BACK-CAPITAL AUTO 15TH | 182ATCAP | 139732ER8 | 3.1200 | 03/15/07 | 764,603.42 | 764,529.22 | 0.00 |
| | ASSET-BACK-AMERICREDIT AUTO 6 | 185ATCAP | 03061NHV2 | 3.6300 | 01/06/10 | 2,000,000.00 | 1,999,623.60 | 0.00 |
| | ASSET-BACK-WACHOVIA PAYS 20TH | 193ATCAP | 92975UAR2 | 4.2300 | 11/20/11 | 250,000.00 | 249,959.23 | 0.00 |
| | ASSET-BACK-TRIAD AUTO PAYS 12 | 194ATCAP | 89578SAM5 | 4.0500 | 03/12/10 | 500,000.00 | 499,994.06 | 0.00 |
| | ASSET-BACK-WACHOVIA AUTO 20TH | 208ATCAP | 92975UAW1 | 4.6400 | 04/20/11 | 1,000,000.00 | 999,857.70 | 0.00 |
| | | | | ASSET-BACK Totals: | | 11,018,752.32 | 11,016,821.45 | 0.00 |
| ASSETBFL - FLOATING RATE ASSET BACK | | | | | | | | |
| | FL RATE AB-AM EX PAYS 15TH | 139ATCAP | 02582JCL2 | 1.2725 | 04/15/08 | 1,000,000.00 | 1,002,148.44 | 0.00 |
| | | | | FLOATING RATE ASSET BACK Totals: | | 1,000,000.00 | 1,002,148.44 | 0.00 |
| ASSETBQT - ASSET BACK QUARTERLY | | | | | | | | |
| | ASSET BACK QTR-WFS FIN 20TH | 197ATCAP | 92926CAD3 | 4.5000 | 02/20/10 | 720,163.14 | 721,485.31 | 0.00 |
| | | | | ASSET BACK QUARTERLY Totals: | | 720,163.14 | 721,485.31 | 0.00 |
| ASSETBSA - ASSET BACK SEMI-ANNUAL | | | | | | | | |
| | ASSET BACK CITIBANK CC 15TH | 212ATCAP | 17303CBR1 | 6.1000 | 05/15/08 | 2,500,000.00 | 2,513,476.58 | 18,638.89 |
| | | | | ASSET BACK SEMI-ANNUAL Totals: | | 2,500,000.00 | 2,513,476.58 | 18,638.89 |
| CMO - COLLATERALIZED MTG OB | | | | | | | | |
| | COLL MTG OB-FHLMC PAYS 15TH | 122ATCAP | 31393RXL9 | 3.5000 | 05/01/06 | 191,769.98 | 196,781.47 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | 133ATCAP | 31394HJH5 | 5.0000 | 01/01/07 | 575,393.83 | 597,690.34 | 0.00 |
| | COLL MTG OB-FNMA PAYS 25TH | 141ATCAP | 31393JXC2 | 4.0000 | 07/01/09 | 854,524.27 | 873,650.93 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | 169ATCAP | 31393VPK1 | 3.5000 | 08/01/06 | 575,109.08 | 579,602.12 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | 174ATCAP | 31395CS28 | 4.0000 | 10/01/07 | 1,425,091.14 | 1,442,682.11 | 0.00 |
| | COLL MTG OB-FHLMC PAYS 15TH | 179ATCAP | 31394HNY3 | 3.5000 | 07/01/06 | 269,142.56 | 271,287.28 | 0.00 |
| | | | | COLLATERALIZED MTG OB Totals: | | 3,891,030.86 | 3,961,694.25 | 0.00 |
| FHLB - FEDERAL HOME LOAN BANK | | | | | | | | |
| | FEDERAL HOME LOAN BANK | 176ATCAP | 3133X85Z1 | 2.8750 | 08/15/06 | 1,500,000.00 | 1,499,843.34 | 0.00 |
| | FEDERAL HOME LOAN BANK | 181ATCAP | 3133MDJP9 | 5.1250 | 03/06/06 | 2,250,000.00 | 2,258,713.29 | 0.00 |
| | FEDERAL HOME LOAN BANK | 186ATCAP | 3133X4ZC8 | 3.0000 | 04/15/09 | 2,000,000.00 | 1,939,154.64 | 0.00 |
| | FEDERAL HOME LOAN BANK | 201ATCAP | 3133XCOZ9 | 4.3750 | 09/17/10 | 1,282,256.34 | 1,282,256.34 | 0.00 |
| | FEDERAL HOME LOAN BANK | 202ATCAP | 3133XCOZ9 | 4.3750 | 09/17/10 | 715,000.00 | 713,473.37 | 0.00 |
| | | | | FEDERAL HOME LOAN BANK Totals: | | 7,750,000.00 | 7,693,440.98 | 0.00 |

General Portfolio (Atlanta Capital) Portfolio

1/31/06 12:46 PM

STATE OF NEVADA

Portfolio Report with Purchased Interest

As of: 01/31/06

Page: 2

| Broker | Instrument Description | Instrument ID | CUSIP # | Rate | Maturity | Par Value | Amort Book Value | Purchased Interest | | | |
|---------------------------------|--------------------------|----------------------------------|--------------------------------|-----------------------------|-----------|--------------|------------------|--------------------|---------------|---------------|-----------|
| FHLBSN - FHLB STRUC NOTE | FHLB STRUCTURED NOTE | 206ATCAP | 3133XDDP3 | 4.7500 | 10/25/10 | 1,960,297.71 | 1,954,171.79 | 0.00 | | | |
| | | | FHLB STRUC NOTE Totals: | | | | | 1,960,297.71 | 1,954,171.79 | 0.00 | |
| | | | | | | | | | | | |
| FHLB - FED HOME LOAN MTG CORP | FED HOME LOAN MTG CORP | 163ATCAP | 3134A4UM4 | 4.5000 | 01/15/14 | 2,575,000.00 | 2,603,779.56 | 0.00 | | | |
| | | | FED HOME LOAN MTG CORP Totals: | | | | | 2,603,779.56 | 2,603,779.56 | 0.00 | |
| | | | | | | | | | | | |
| FNMAMB - FNMA MTG BACK | FNMA MB PAYS 24TH | 171ATCAP | 31374TYY9 | 5.5000 | 08/01/14 | 1,233,640.50 | 1,271,613.51 | 0.00 | | | |
| | | | FNMA MTG BACK Totals: | | | | | 1,233,640.50 | 1,271,613.51 | 0.00 | |
| | | | | | | | | | | | |
| GNMA - Gov. Natl. Mortg. Assoc. | Gov. Natl. Mortg. Assoc. | 184ATCAP | 38373QFY2 | 5.5000 | 03/01/14 | 1,759,798.46 | 1,834,933.61 | 0.00 | | | |
| | | 190ATCAP | 38373YNV2 | 5.5000 | 03/01/12 | 1,546,210.16 | 1,586,858.56 | 0.00 | | | |
| | | 192ATCAP | 38374HPT1 | 5.5000 | 01/01/08 | 683,730.80 | 695,482.43 | 0.00 | | | |
| | | 213ATCAP | 38374BBY8 | 3.0000 | 02/01/11 | 2,108,210.55 | 2,020,258.64 | 351.37 | | | |
| | | Gov. Natl. Mortg. Assoc. Totals: | | | | | 6,097,949.97 | 6,137,533.24 | 351.37 | | |
| NOTE - U.S. TREASURY NOTES | U.S. TREASURY NOTES | 166ATCAP | 91282BCG3 | 3.1250 | 05/15/07 | 1,000,000.00 | 999,818.49 | 0.00 | | | |
| | | 168ATCAP | 912828CH1 | 3.8750 | 05/15/09 | 1,750,000.00 | 1,750,651.97 | 0.00 | | | |
| | | 178 | 912828CR9 | 2.7500 | 08/15/07 | 500,000.00 | 499,892.14 | 0.00 | | | |
| | | 183ATCAP | 912828DE7 | 3.5000 | 12/15/09 | 1,500,000.00 | 1,494,049.34 | 0.00 | | | |
| | | 187ATCAP | 912828DL1 | 3.5000 | 02/15/10 | 1,500,000.00 | 1,473,988.92 | 0.00 | | | |
| | | 188ATCAP | 912828DL1 | 3.5000 | 02/15/10 | 700,000.00 | 683,878.50 | 0.00 | | | |
| | | 203ATCAP | 912828ED8 | 4.1250 | 08/15/10 | 2,500,000.00 | 2,531,181.73 | 5,044.16 | | | |
| | | 205ATCAP | 912828EC0 | 4.1250 | 08/15/08 | 1,500,000.00 | 1,500,213.84 | 7,734.38 | | | |
| | | 209ATCAP | 912828EL0 | 4.3750 | 11/15/08 | 5,000,000.00 | 4,993,996.76 | 22,358.43 | | | |
| | | 210ATCAP | 912828EP1 | 4.2500 | 11/30/07 | 5,000,000.00 | 4,983,995.12 | 12,843.41 | | | |
| | | 211ATCAP | 912828EM8 | 4.5000 | 11/15/10 | 5,000,000.00 | 5,041,141.61 | 26,726.52 | | | |
| | | U.S. TREASURY NOTES Totals: | | | | | 25,950,000.00 | 25,952,808.42 | 74,706.90 | | |
| | | TBILL - U.S. TREASURY BILLS | U.S. TREASURY BILLS | 207ATCAP | 912795WP2 | 3.9150 | 02/16/06 | 3,000,000.00 | 2,970,637.50 | 0.00 | |
| | | | | U.S. TREASURY BILLS Totals: | | | | | 3,000,000.00 | 2,970,637.50 | 0.00 |
| | | | | Totals for ATCAP Portfolio: | | | | | 67,696,834.50 | 67,799,611.03 | 93,697.16 |

Attachment E

INVESTMENT POLICIES

STATE OF NEVADA
OFFICE OF THE STATE TREASURER
INVESTMENT POLICY
GENERAL PORTFOLIO



BRIAN K. KROLICKI
STATE TREASURER

WWW.NEVADATREASURER.COM

TABLE OF CONTENTS

| | | |
|--------------|--|---------------------|
| | I | INTRODUCTION |
| II | SCOPE | |
| III | PRUDENCE | |
| IV | OBJECTIVES | |
| V | DELEGATION OF AUTHORITY | |
| VI | INVESTMENT PROCEDURES | |
| VII | ETHICS | |
| VIII | AUTHORIZED FINANCIAL INSTITUTIONS | |
| IX | AUTHORIZED INVESTMENTS | |
| X | COLLATERALIZATION | |
| XI | SAFEKEEPING/CUSTODY AND DELIVERY | |
| XII | DIVERSIFICATION | |
| XIII | MATURITIES | |
| XIV | PERFORMANCE EVALUATION | |
| XV | ACCOUNTING AND REPORTING | |
| XVI | YIELD CALCULATION AND EARNINGS | |
| XVII | INTERNAL CONTROLS | |
| XVIII | INVESTMENT OF BOND PROCEEDS | |
| XIX | SECURITIES LENDING | |
| XX | APPROVAL | |

GLOSSARY

APPENDIX A GENERAL PORTFOLIO SECURITIES LENDING POLICY IS
INCORPORATED BY REFERENCE AND ATTACHED HERETO

I INTRODUCTION

Investment of State of Nevada (State) money is a function performed by the Office of the State Treasurer (State Treasurer) pursuant to Nevada Revised Statutes (NRS). In addition to investing assets of the State as prescribed by law, with regular oversight provided by the State Board of Finance, the State Treasurer has determined that the investment activities should be further controlled by an investment policy set forth by the State Treasurer and approved by the State Board of Finance. The recognition of the fiduciary responsibility of the State Treasurer and the State Board of Finance has advanced the development of this investment policy and the administration of the State Treasurer's investment program (investment program).

The purpose of this policy is to establish the guidelines that will govern the investment activities of the State Treasurer with regard to the management of State money in the General Portfolio. Once approved, this policy can only be amended by a majority vote of the State Board of Finance.

This policy will ensure the prudent investment of State money, adherence to NRS applicable to the investment of public funds, maintenance of daily cash flow requirements, and realization of a competitive benchmark rate of return.

II SCOPE

This policy applies to all money that comprises the General Fund, the purpose of which is to finance the ordinary operations of the State and to finance those operations not provided for in other funds. It also applies to money deposited in special revenue funds, debt service funds, proprietary fund types, fiduciary fund types, and capital projects funds. All funds are reported in the State's Comprehensive Annual Financial Report (CAFR), which is audited annually by an independent accounting firm.

III PRUDENCE

The standard of care, per NRS 355.145, to be used in the investment program will be the following "prudent person" standard, as hereafter quoted, and will be applied while conducting all investment transactions:

"The state treasurer shall exercise the judgment and care, under the circumstances then prevailing, which a person of prudence, discretion and intelligence exercises in the management of his own affairs, not in regard to speculation, but in regard to the investment of his money, considering the probable income as well as the probable safety of his capital."

Authorized investment officers and staff who act in accordance with this policy and written procedures in the management of State money, and who exercise the proper due diligence will have no personal responsibility for an individual security's credit risk or market price changes,

provided that deviations from expectations are reported and preventive action is taken to control adverse developments.

IV OBJECTIVES

The General Portfolio shall be managed to accomplish the following objectives:

- a. **Safety:** Safety of principal is the foremost objective of the investment program. Investments in the General Portfolio shall be undertaken to ensure the preservation of principal in the portfolio.
- b. **Liquidity:** The General Portfolio will remain sufficiently liquid to enable the State to meet all immediate and anticipated operating requirements.
- c. **Return on Investment:** The General Portfolio will be invested to attain a competitive benchmark rate of return in relation to prevailing budgetary and economic environments, while taking into account the State's investment risk constraints and the cash flow characteristics of the portfolio.

V DELEGATION OF AUTHORITY

NRS 226.110(3) directs the State Treasurer to establish the policies to be followed in the investment of State money, subject to the periodic review and approval or disapproval by the State Board of Finance. NRS 226.100(1) authorizes the State Treasurer to appoint a Deputy of Investments (Deputy) whose responsibilities include management of the investment program and implementation of procedures consistent with this policy. The Deputy will also be responsible for the supervision and regulation of the investment staff and all external investment professionals associated with the investment program.

VI INVESTMENT PROCEDURES

The State Treasurer will establish written procedures detailing the operation and regulation of the investment program. The procedures set forth the trading authorization of the investment staff, the daily responsibilities of implementing the investment program, and the segregation of investment duties. The State Treasurer will submit to periodic independent audits to determine that investment activities adhere to State statutes, administrative rules, and investment policies.

VII ETHICS

Investment staff will act responsibly as the custodians of public funds. The staff will refrain from personal business activity that could conflict with the proper execution of

the investment program or that could impair their ability to make impartial investment decisions.

VIII AUTHORIZED FINANCIAL INSTITUTIONS

- a. The State Treasurer will maintain a list of financial institutions which are authorized to provide investment services. The list will include:
 1. “Primary” dealers or other dealers which qualify under SEC Rule 15C3-1, the Uniform Net Capital Rule, which are registered to conduct business in Nevada
 2. Banks which are organized and operating, or licensed to operate in the United States under federal or state law
- b. The State Treasurer maintains relationships with qualified members of the financial community who have reviewed the eligible investments that are prescribed in NRS and the adopted investment policies, and who are aware of the investment needs, constraints, and goals of the investment program. A “Request for Information” (RFI) is periodically issued to provide a uniform standard the State Treasurer may use to identify the financial condition and professional merits of any financial institution included on the list. An “Affidavit of Suitability”, attesting to having reviewed and understood the contents of the investment policies and NRS, must be completed for final selection. A current audited financial statement for each approved financial institution shall be maintained in the State Treasurer’s office.
- c. The State Treasurer will encourage all qualified financial institutions providing investment services in the State, including those owned by women, minorities, and/or the physically impaired, to respond to the RFI. Consideration will be given to all institutions when their services are competitive on a national basis.
- d. A “Request for Proposal” (RFP) is issued periodically to identify those members of the investment community who can provide investment management services to the State Treasurer. Qualified firms will be registered with the Securities Exchange Commission or with the Investment Advisors Act of 1940, unless exempt from registration, and they must comply with all applicable laws and regulations of Nevada. The managers selected will invest any allotted money in accordance with this policy, within all applicable NRS, and within specific benchmarks or indexes selected to monitor the performance of their portfolios. The managers must submit weekly and quarterly reports which detail securities holdings and performance recaps, and must submit copies of all trade transactions to the State Treasurer and to the securities custodian. A current Form ADV Part II or other disclosure document containing the required information for each approved manager will be maintained in the State Treasurer’s office.

IX AUTHORIZED INVESTMENTS

The State Treasurer, in accordance with the provisions of NRS 355.140, 355.180, 356.010, and this policy, is authorized to invest in:

- a. Asset-Backed Securities (ABS)

1. Rating must be “AAA” or it’s equivalent.
 2. **SPONSOR MUST BE INVESTMENT GRADE, UNLESS SECURITY IS INSURED (WRAPPED). THE INSURER MUST BE RATED “AAA”.**
 3. The final cash flow payment date will not exceed 10 years assuming a zero (0) pre-payment speed.
 4. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
 5. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- b. Bankers’ Acceptances
1. Rating must be “A-1”, “P-1”, or it’s equivalent or better
 2. Maximum maturity of 180 days.
 3. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
 4. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- c. Collateralized Mortgage Obligations
1. Rating must be “AAA” or it’s equivalent.
 2. **IF UNDERLYING COLLATERAL IS NON UNITED STATES GOVERNMENT AGENCY SECURITIES, SPONSOR MUST BE INVESTMENT GRADE, UNLESS SECURITY IS INSURED (WRAPPED). THE INSURER MUST BE RATED “AAA”.**
 3. The final cash flow payment date will not exceed 10 years assuming a zero (0) PSA pre-payment speed.
 4. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
 5. If underlying collateral is non United States government agency securities, no more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- d. Commercial Paper
1. Rating must be “A-1”, “P-1”, or it’s equivalent or better.
 2. Maximum maturity of 270 days.
 3. Aggregate par value may not exceed 20 percent of total par value of the portfolio (See XII Diversification a-2).
 4. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- e. Corporate Notes
1. Rating must be “A”, or it’s equivalent or better.
 2. Maximum maturity of five (5) years.
 3. Aggregate par value may not exceed 20 percent of total par value of the portfolio (See XII Diversification a-2).
 4. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.

5. If the rating is reduced below the level of “A”, the security must be sold as soon as possible.
- f. Money Market Mutual Funds
1. Only SEC registered 2(A)7 funds are eligible.
 2. Rating must be “AAA” or it’s equivalent.
 3. Investments must only be in securities issued by the United States Treasury, United States government agency securities, or repurchase agreements fully collateralized by such securities.
 4. Funds must maintain a \$1 Net Asset Value.
- g. Negotiable Certificates of Deposit
1. Issued by commercial banks.
 2. Issued by insured savings and loan associations.
 3. Issued by insured credit unions.
 4. Rating must be “A-1”, “P-1” or it’s equivalent or better.
 5. Maximum maturity of one (1) year.
 6. Aggregate par value may not exceed 20 percent of total par value of the portfolio (See XII Diversification a-2).
 7. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- h. Repurchase Agreements
1. Executed with a qualified counterparty approved by the State Treasurer.
 - a) Counterparty means a bank which is organized and operating or licensed to operate in the United States under federal or state law or a securities dealer which is a registered broker/dealer, designated by the Federal Reserve Bank of New York as a “primary” dealer, and in full compliance with all applicable capital requirements.
 - b) Counterparty must provide annual audited financial statements to the State Treasurer.
 - c) Counterparty must have executed a written master repurchase agreement in a form satisfactory to the State Treasurer and the State Board of Finance prior to transacting a repurchase agreement.
 2. Maximum maturity of 90 days.
 3. Collateral requirements (see X Collateralization a-2).
 4. The limit to one (1) counterparty will be 10 percent of total par value of the portfolio.
- i. Student Loan Marketing Association
1. Maximum maturity of 10 years.

- j. Time Certificates of Deposit
 - 1. Issued by state or national banks, insured credit unions, or insured savings and loan associations.
 - 2. Maximum maturity of one (1) year.
 - 3. Collateral requirements (See X Collateralization b-1).
- k. United States Treasury Bills, Notes, and Bonds
 - 1. Maximum maturity of 10 years.
- l. United States Government Agency Securities
 - 1. Fannie Mae
 - 2. Federal Agricultural Mortgage Corporation
 - 3. Federal Farm Credit Bank
 - 4. Federal Home Loan Bank
 - 5. Federal Home Loan Mortgage Corporation
 - 6. Government National Mortgage Association
 - 7. Maximum maturity of 10 years.

X COLLATERALIZATION

a. Repurchase Agreements

1. Transacted on a delivery versus payment basis, whereby the securities custodian will disburse cash for repurchase agreements only upon the receipt of the purchased securities.
2. The purchased securities will be United States Treasury or United States government agency securities with a term to maturity not to exceed 10 years. The market value of the purchased securities must equal or exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly. If the value of the purchased securities should fall below 102 percent, the counterparty will be required to submit additional collateral to make up the deficit. The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase.

b. Time Certificates of Deposit

1. Per NRS 356.020, all money deposited by the State Treasurer which is not within the limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of the following types of securities:
 - a) All authorized investments as set forth in this policy.
 - b) Bonds of the State.
 - c) Bonds of any county, municipality or school district within the State.
 - d) Promissory notes secured by first mortgages or first deeds of trust, which must be on real property located in the State and used for residences of single families.
 - e) Collateralized Mortgage Obligations or real estate conduits that are rated "AAA" or its equivalent.
2. The collateral must be held in trust with a custodian other than the depository.
3. The custodian must be approved by the State Treasurer.
4. The depository will submit a monthly report to the State Treasurer detailing the securities pledged as collateral and their fair market value.
5. The fair market value of the collateral must equal or exceed the value of the deposit. The fair market value of collateral consisting of promissory notes with first mortgages or first deeds of trust will be 75 percent of the unpaid principal of the notes.

XI SAFEKEEPING/CUSTODY AND DELIVERY

- a. Securities purchased by the State Treasurer, as well as collateral for repurchase agreements will be delivered against payment and held in a custodial safekeeping account with an approved financial institution acting as a third party custodian.

- b. The State Treasurer will periodically issue an RFP for Master Securities Custody Services, which will encompass the following functions:
 - 1. The settlement of all purchases, sales, and calls through the Federal Reserve System (Fed) or the Depository Trust Company (DTC).
 - 2. The collection and distribution of all interest payments.
 - 3. The collection and distribution of all paydowns associated with collateralized mortgage obligations and asset-backed securities.
 - 4. The receipt and disbursement of all repurchase agreement collateral.
 - 5. The facilitation of all trading activity conducted by investment managers and the securities lending agent.
 - 6. Providing daily accounting and bookkeeping of all investment accounts, weekly market evaluation of securities, and month end reports that show a detailed list of holdings with market evaluations.
- c. Time certificates of deposit will be physically held in the State Treasurer's vault.

XII DIVERSIFICATION

- a. Securities held in the General Portfolio will be diversified to eliminate the risk of loss from over-concentration of money in a specific maturity, a specific issuer, or a specific class of securities. The following diversification limitations will be imposed:
 - 1. With the exception of United States Treasury securities, United States government agency securities, and repurchase agreements, no more than 20 percent of the total par value of the portfolio will be invested in a single security type.
 - 2. No more than 40 percent of the total par value of the portfolio will be invested in any combination of negotiable certificates of deposit, commercial paper, and corporate notes.

XIII MATURITIES

- a. **Liquidity:** To the extent practical, investment maturities must match normal cash flow requirements. Portfolio management will require a continuous assessment of these needs for a three (3) month period.
- b. **Market Risk:** Market risk relates to the constant price fluctuations of securities that may result in a loss to the State if cash flow requirements force a premature sale.

Portfolio maturities must be structured to avoid the forced sale of securities in any but the most severe circumstances. The projection of a “Minimum Liquidity Requirement” will be enforced to ensure that money is available to meet the State’s short-term operating needs.

- c. **Minimum Liquidity Requirement:** The total cash flow needed to fund anticipated State obligations for a period of four (4) weeks. All securities included in this requirement must mature within 28 days.
- d. **Intermediate Market Investment:** That portion of State money remaining after adherence to the “Minimum Liquidity Requirement” may be invested in the intermediate market, which would include securities maturing between zero (0) and 10 years provided that the average maturity of the portfolio does not exceed two (2) years.

XIV PERFORMANCE EVALUATION

The General Portfolio will be invested to obtain a rate of return consistent with imbedded cash flow requirements and risk constraints, and dependent upon budgetary and economic factors. The State Treasurer’s investment strategy is defined as moderately active. Although the State Treasurer is a daily short-term investor, the ability exists to take advantage of intermediate market opportunities as they occur by analyzing projected cash flow to assess the availability of uncommitted money. Given this strategy, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved will be the one (1) year Constant Maturity Treasury Index (One (1) Year CMT).

XV ACCOUNTING AND REPORTING

- a. The State Treasurer will maintain a technologically sufficient investment system that will account for all investment transactions, produce detailed reports of securities holdings, calculate yield to maturity and average portfolio life, create amortization of securities, and calculate portfolio earnings.
- b. Per NRS 355.045, the State Board of Finance will review the investment policies of the State Treasurer at least every four (4) months. The State Treasurer will submit a quarterly report which will contain the following information to permit an evaluation of the performance of the General Portfolio:

1. An overview of market and economic conditions for the quarter.
 2. The investment strategy used for investment of the portfolio.
 3. A list of securities holdings in the portfolio at quarter end that categorizes each type of security.
 4. Yield to maturity and average life of the portfolio at quarter end.
 5. Percentage allocation of securities by category.
 6. Dollar value earnings distribution for the quarter.
 7. Performance of the portfolio versus the selected benchmark.
- c. The report will allow the State Board of Finance to review investment results, provide suggestions for improved future performance, and to verify that investment staff has acted in accordance with investment policies and procedures.
- d. The State Treasurer will comply with all Government Accounting Standards Board regulations.

XVI YIELD CALCULATION AND EARNINGS

- a. Interest is distributed to State agencies on a quarterly basis using the cash basis of accounting.
- b. The SIA (Securities Industry Association) method of calculating yield is utilized. The yield is computed quarterly on an annualized basis, using the amortized book value of the securities held in the General Portfolio.
- c. Earnings composed of gains and losses are calculated and distributed in the quarter in which they were realized.
- d. Total earnings are apportioned to each General Portfolio sub-account on a pro-rata basis of each accounts average weighted dollar week.

XVII INTERNAL CONTROLS

- a. A system of controls will be established to ensure that investment transactions and associated activities are monitored. These controls are created to safeguard against fraud, investment staff error, or other actions that could result in a loss of public money.
- b. The State Treasurer is subject to periodic audits by the Legislative Counsel Bureau that includes unscheduled cash and securities counts. An independent accounting firm, which will determine that investments are being made according to State statute, investment policy and procedures, and administrative regulations, will audit the General Portfolio annually.

XVIII INVESTMENT OF BOND PROCEEDS

If bond covenants are more restrictive than this policy, the bond proceeds will be invested in full compliance with those restrictions.

XIX SECURITIES LENDING

In accordance with NRS 355.135, the State Treasurer may lend securities from the General Portfolio. The Securities Lending Policy is included in this policy as "Appendix A".

XX APPROVAL

This policy is approved by the State Board of Finance on:

Date:

Attested to by: _____
John E. Adkins
Chief Deputy Treasurer
Ex-Officio Secretary to the State Board of Finance

GLOSSARY

| | |
|---|---|
| ASSET- BACKED SECURITY (ABS) | A security backed by notes or receivables against assets other than real estate. Examples are automobiles and credit card receivables. |
| AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS | Broker/dealers and financial institutions approved by the State Treasurer to provide investment services. |
| BANKERS' ACCEPTANCES (BA) | Bankers' Acceptances are negotiable short-term financial instruments which are unconditional obligations of the accepting bank. They are issued on a discount basis. |
| BASIS POINT | 1/100 of one (1) percent. (decimally .0001) |
| BENCHMARK | A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments. |
| BROKER | A party who brings buyers and sellers together, and charges a commission for this service. |
| CERTIFICATE OF DEPOSIT (CD) | A negotiable time deposit issued by a bank in certificate form. A CD is issued with a specific maturity date and pays interest at maturity. |
| COLLATERAL | Securities or cash which a borrower pledges to secure repayment of a loan. |
| COLLATERALIZED MORTGAGE OBLIGATION (CMO) | A security which pools together mortgages and separates them into short, medium, and long-term "tranches". Tranches are set up to pay different rates of interest depending upon their maturity. Interest is usually received on a monthly basis. |
| COMMERCIAL PAPER (CP) | A short-term promissory note issued by a corporation. Commercial paper is issued on a discount basis and has specific maturity dates not to exceed 270 days. |
| CORPORATE NOTE | A negotiable security issued by a corporation. |

| | |
|--|---|
| CUSTODIAN | A financial institution approved by the State Treasurer to provide safe-keeping services with respect to securities and securities-related assets, and to provide other services which may include trade settlement, interest collection and transaction reporting. |
| DEALER | A firm or individual who buys and sells for his own account. |
| DELIVERY VS. PAYMENT (DVP) | The exchange of securities and cash at settlement date. |
| DISCOUNT BASIS | The price of a security expressed as an annualized rate of discount. Discounted securities are purchased at a dollar price below face value, and mature at face value. |
| DIVERSIFICATION | Allocating investment funds to a variety of securities to minimize market risk. |
| DURATION | The weighted average maturity of the security's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security, the greater it's percentage price volatility. |
| FAIR VALUE | The amount at which an investment can be exchanged between buyer and seller. |
| FANNIE MAE | Established by Congress in 1938 to provide liquidity to the mortgage market, especially the secondary market for residential mortgages. Legislation in 1968 transformed the agency into a publicly owned, privately managed corporation, but still required government regulation. Previously known as Federal National Mortgage Association. |
| FEDERAL AGRICULTURAL MORTGAGE CORPORATION (FARMERMAC) | A federally chartered agency of the United States. It was established to provide a secondary market for agricultural real estate mortgage loans. |
| FEDERAL FARM CREDIT BANK (FFCB) | The Federal Farm Credit Administration, a federal agency, is responsible for regulating the banks and associations which comprise the Federal Farm Credit System. This System provides credit solely to the United States agricultural sector. |
| FEDERAL FUNDS RATE | The interest rate charged by banks having excess reserves to banks needing the money to meet reserve requirements. |

| | |
|--|--|
| FEDERAL HOME LOAN BANK (FHLB) | The Federal Home Loan Bank Board, established by Congress in 1932, is comprised of 12 Federal Home Loan Banks. The Board is authorized to provide support and liquidity to savings and loans, banks, and insurance companies engaged in home financing. |
| FEDERAL HOME LOAN MORTGAGE CORPORATION (FREDDIEMAC) | Established by Congress in 1970 to enhance the liquidity of mortgage investments and to improve the distribution of investment capital available for home mortgage financing. Legislation in 1989 transformed the agency into a publicly owned, privately managed corporation, but still required government regulation. |
| GOVERNMENT AGENCIES | Refers to securities issued by agencies of the United States government and United States government sponsored enterprises. Securities issued range in maturity from overnight to longer than 10 years. Securities may be issued on a discount basis, or may be interest bearing. Agencies would include FARMERMAC, FFCB, FHLB, FREDDIEMAC, and FANNIEMAE. |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) | Established in 1986 to take over some of the functions performed by FNMA. GNMA is an agency controlled by the Department of Housing and Urban Development (HUD). GNMA is authorized to confer a full faith and credit guarantee of the United States government for the timely payment of both principal and interest on packages of mortgages it creates in its mortgage pass-through securities program. |
| LEGISLATIVE COUNSEL BUREAU (LCB) | Encompasses the lawmaking authority of the State of Nevada. It is empowered to enact the laws of the State and provides oversight of the executive and judicial branches of government through the budget and audit processes and reviews the regulations developed by State agencies. |
| LIQUIDITY | The capacity to meet future financial obligations from available resources. |
| MASTER REPURCHASE AGREEMENT | A written contract between the State Treasurer and an approved counterparty which details each party's obligations in a repurchase agreement transaction. Among other things, it will specify the right of the buyer to liquidate the underlying securities in the event of default by the seller. |
| MONEY MARKET FUNDS | A mutual fund that invests only in money market instruments, or those securities having a maturity of one (1) year and under. |
| NEVADA REVISED STATUTES (NRS) | The codified laws of the State of Nevada as enacted by the Legislature. |

| | |
|--|---|
| PAR VALUE | The principal amount a holder will receive at the maturity of an issue. |
| PORTFOLIO | A collection of securities held by an investor. |
| PREMIUM | The amount by which the market price of an issue exceeds face value. |
| PRUDENT PERSON RULE | An investment standard which may be adopted by an investment organization to guide those with the responsibility for the investment of money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. |
| RATINGS | The evaluation of an issuer's credit standing published by Moodys, Standard & Poors, Fitch or other rating services. |
| REPURCHASE AGREEMENT | A simultaneous sale of securities by a bank or broker/dealer with an agreement to repurchase those securities at an agreed upon date, and a tan agreed-upon rate of interest. |
| SAFEKEEPING | A fee arrangement whereby an approved financial institution holds a customer's securities in it's vaults, or in the case of book-entry securities, maintains a safe-keeping receipt recorded in the customer's name as evidence of ownership. |
| SECURITIES INDUSTRY ASSOCIATION | An organization which offers premiere educational programs to member securities firms. |
| STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE) | Established in 1972 by Congress as a publically owned, government sponsored enterprise(GSE), created to provide liquidity for originators of student loans made under federally sponsored student loan programs. In 1997 shareholders voted to privatize Sallie Mae, although the GSE remains the obligor in all pre and post privatization public debt issued. |
| TIME CERTIFICATE OF DEPOSIT (TCD) | A non-negotiable financial instrument issued with a specific amount, rate and maturity date. |
| UNITED STATES TREASURY BILLS (T-BILLS) | A discounted security issued by the United States Treasury. T-bills are issued with maturities of three (3) and six (6) months. |
| UNITED STATES TREASURY NOTES | Interest-bearing securities issued by the United States Treasury. Notes are issued with maturities from two (2) to 10 years. |
| YIELD | The rate of annual return on an investment expressed as a percentage. YIELD TO MATURITY is the total money earned from investment date tomaturity date assuming: 1) semi-annual interest |

payments, 2) interest is reinvested at same rate security was purchased at, and 3) the premium is subtracted or discount is added to final money.

STATE OF NEVADA
OFFICE OF THE STATE TREASURER
INVESTMENT POLICY
LOCAL GOVERNMENT INVESTMENT POOL



BRIAN K. KROLICKI
STATE TREASURER

WWW.NEVADATREASURER.COM

TABLE OF CONTENTS

| | | |
|-------------------|--|---------------------|
| | I | INTRODUCTION |
| II | SCOPE | |
| III | PRUDENCE | |
| IV | OBJECTIVES | |
| V | DELEGATION OF AUTHORITY | |
| VI | INVESTMENT PROCEDURES | |
| VII | ETHICS | |
| VIII | AUTHORIZED FINANCIAL INSTITUTIONS | |
| IX | AUTHORIZED INVESTMENTS | |
| X | COLLATERALIZATION | |
| XI | SAFEKEEPING/CUSTODY AND DELIVERY | |
| XII | DIVERSIFICATION | |
| XIII | MATURITIES | |
| XIV | PERFORMANCE EVALUATION | |
| XV | ACCOUNTING AND REPORTING | |
| XVI | YIELD CALCULATION AND EARNINGS | |
| XVII | INTERNAL CONTROLS | |
| XVIII | SECURITIES LENDING | |
| XIX | APPROVAL | |
| GLOSSARY | | |
| APPENDIX A | LOCAL GOVERNMENT INVESTMENT POOL SECURITIES LENDING POLICY IS INCORPORATED BY REFERENCE AND ATTACHED HERETO | |

X INTRODUCTION

Investment of the State of Nevada (State) Local Government Investment Pool (LGIP) is a function performed by the Office of the State Treasurer (State Treasurer) pursuant to Nevada Revised Statutes (NRS). In addition to investing assets in the LGIP as prescribed by law, with regular oversight provided by the State Board of Finance, the State Treasurer has determined that the investment activities should be further controlled by an investment policy set forth by the State Treasurer and approved by the State Board of Finance. The recognition of the fiduciary responsibility of the State Treasurer and the State Board of Finance has advanced the development of this investment policy and the administration of the LGIP investment program (investment program).

The purpose of this policy is to establish the guidelines that will govern the investment activities of the State Treasurer with regard to the management of the LGIP. Once approved, this policy can only be amended by a majority vote of the State Board of Finance.

This policy will ensure the prudent investment of the LGIP, adherence to NRS applicable to the investment of public funds, maintenance of daily liquidity requirements, anticipation of future cash needs, and realization of a competitive benchmark rate of return.

XI SCOPE

This policy applies to all money that comprises the LGIP, the purpose of which is to provide an alternative investment program to be utilized by State local governments (local governments) for the pooling of their public funds. The LGIP is reported as a fiduciary fund type in the State's Comprehensive Annual Financial Report (CAFR).

In accordance with NRS 355.167, any local government, as defined by NRS 354.474, may deposit money into the LGIP for the purpose of investment. In addition to providing local government participants (participants) a safe and convenient method of investment, the LGIP also offers the following benefits:

- a. No minimum or maximum size of accounts.
- b. Multiple accounts may be maintained for accounting purposes.
- c. No transaction size limitation for deposit or withdrawal of money.
- d. No restriction on length of time money is deposited.

XII PRUDENCE

The standard of care to be used in the investment program will be the following “prudent person” standard, as hereafter quoted, and will be applied while conducting all investment transactions:

“The state treasurer shall exercise the judgment and care, under the circumstances then prevailing, which a person of prudence, discretion and intelligence exercises in the management of his own affairs, not in regard to speculation, but in regard to the investment of his money, considering the probable income as well as the probable safety of his capital.”

Authorized investment officers and staff who act in accordance with this policy and written procedures in the management of the LGIP, and who exercise the proper due diligence will have no personal responsibility for an individual security’s credit risk or market price changes, provided that deviations from expectations are reported and preventive action is taken to control adverse developments.

XIII OBJECTIVES

The LGIP will be managed to accomplish the following objectives:

- a. **Safety:** Safety of principal is the foremost objective of the investment program. Investments in the LGIP shall be undertaken to ensure the preservation of principal in the portfolio.
- b. **Liquidity:** The LGIP will remain sufficiently liquid to allow for normal withdrawals by participants. Approximately 10 percent of the portfolio will be invested in overnight securities.
- c. **Return on Investment:** The LGIP will be invested to attain a benchmark rate of return that is consistent with a short duration portfolio of high quality securities. This would take into account the investment risk constraints that apply to local governments, the prevailing economic environment, and the cash flow characteristics of the portfolio.

XIV DELEGATION OF AUTHORITY

NRS 355.167(1) authorizes the creation of the LGIP, which is to be administered by the State Treasurer, and which is subject to the periodic review and approval or disapproval of the State Board of Finance. NRS 226.100(1) authorizes the State Treasurer to appoint a Deputy of Investments (Deputy) whose responsibilities include management of the investment program and implementation of procedures consistent with this policy. The Deputy will also be responsible for the supervision and regulation of the investment staff and all external investment professionals associated with the investment program.

XV INVESTMENT PROCEDURES

The State Treasurer will establish written procedures detailing the operation and regulation of the investment program. The procedures set forth the trading authorization of the investment staff, the daily responsibilities of implementing the investment program, and the segregation of investment duties. The State Treasurer will submit to periodic independent audits to determine that investment activities adhere to State statutes, administrative rules, and investment policies.

XVI ETHICS

All investment staff will act responsibly as custodians of public funds. The staff will refrain from personal business activity that could conflict with the proper execution of the investment program or that could impair their ability to make impartial investment decisions.

XVII AUTHORIZED FINANCIAL INSTITUTIONS

- a. The State Treasurer will maintain a list of financial institutions which are authorized to provide investment services. The list will include:
 1. “Primary” dealers or other dealers which qualify under SEC Rule 15C3-1, the Uniform Net Capital Rule, which are registered to conduct business in Nevada.
 2. Banks which are organized and operating, or licensed to operate in the United States under federal or state law.
- b. The State Treasurer maintains relationships with qualified members of the financial community who have reviewed the eligible investments that are prescribed in NRS and the adopted investment policies, and who are aware of the investment needs, constraints, and goals of the investment program. A “Request for Information” (RFI) is periodically issued to provide a uniform standard the State Treasurer may use to identify the financial condition and professional merits of any financial institution included on the list. An “Affidavit of Suitability”, attesting to having reviewed and understood the contents of the investment policies and NRS, must be completed for final selection. A current audited financial statement for each approved financial institution shall be maintained in the State Treasurer’s office.
- c. The State Treasurer will encourage all qualified financial institutions providing investment services in the State, including those owned by women, minorities, and/or the physically impaired, to respond to the RFI. Consideration will be given to all institutions when their services are competitive on a national basis.

XVIII AUTHORIZED INVESTMENTS

The State Treasurer, in accordance with the provisions of NRS 355.170, and this policy, is authorized to invest money of the LGIP in:

- a. Asset-Backed Securities (ABS)
 1. Rating must be “AAA” or it’s equivalent.

2. **SPONSOR MUST BE INVESTMENT GRADE, UNLESS SECURITY IS INSURED (WRAPPED). THE INSURER MUST BE RATED “AAA”.**
 3. The final cash flow payment date will not exceed two (2) years assuming a zero (0) pre-payment speed.
 4. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
 5. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- b. Bankers’ Acceptances
1. Rating must be “A-1”, ” P-1”, or it’s equivalent or better
 2. Maximum maturity of 180 days.
 3. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
 4. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- c. Collateralized Mortgage Obligations
1. Rating must be “AAA” or it’s equivalent.
 2. **IF UNDERLYING COLLATERAL IS NON UNITED STATES GOVERNMENT AGENCY SECURITIES, SPONSOR MUST BE INVESTMENT GRADE, UNLESS SECURITY IS INSURER (WRAPPED).. THE INSURER MUST BE RATED “AAA”.**
 3. The final cash flow payment date will not exceed two (2) years assuming a zero (0) PSA pre-payment speed.
 4. If underlying collateral is non United States government agency securities, no more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- d. Commercial Paper
1. Rating must be “A-1”, “P-1”, or it’s equivalent or better.
 2. Maximum maturity of 270 days.
 3. Aggregate par value may not exceed 20 percent of total par value of the portfolio (See XII Diversification a-2).
 4. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.
- e. Corporate Notes
1. Rating must be “A”, or it’s equivalent or better.
 2. Maximum maturity of two (2) years.
 3. Aggregate par value may not exceed 20 percent of total par value of the portfolio (See XII Diversification a-2).
 4. No more than five (5) percent of total par value of the portfolio may be in one issuer.
 5. If the rating is reduced below the level of “A”, the security must be sold as soon as possible.

f. Money Market Mutual Funds

1. Only SEC registered 2(A)7 funds are eligible.
2. Rating must be “AAA” or it’s equivalent.
3. Investments must only be:
 - a) United States Treasury or United States government agency securities.
 - b) Master notes, bank notes, or commercial paper rated “A-1”, “P-1” or its equivalent or better, issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States, or any state, and operating in the United States.
 - c) Repurchase Agreements collateralized by the securities in f-3a) and f-3b).
4. Funds must maintain a \$1 Net Asset Value.

g. Negotiable Certificates of Deposit

1. Issued by commercial banks.
2. Issued by insured savings and loan associations.
3. Issued by insured credit unions.
4. Rating must be “A” or it’s equivalent or better.
5. **MAXIMUM MATURITY OF TWO (2) YEARS.**
6. Aggregate par value may not exceed 20 percent of total par value of the portfolio (See XII Diversification a-2).
7. No more than five (5) percent of total par value of the portfolio may be in one (1) issuer.

h. Repurchase Agreements

1. Executed with a qualified counterparty approved by the State Treasurer.
 - a) Counterparty means a bank which is organized and operating or licensed to operate in the United States under federal or state law or a securities dealer which is a registered broker/dealer, designated by the Federal Reserve Bank of New York as a “primary” dealer, and in full compliance with all applicable capital requirements.
 - b) Counterparty must provide annual audited financial statements to the State Treasurer.
 - c) Counterparty must have executed a written master repurchase agreement in a form satisfactory to the State Treasurer and the State Board of Finance prior to transacting a repurchase agreement.
2. Maximum maturity of 90 days.
3. Collateral requirements (see X Collateralization a-2).
4. The limit to one (1) counterparty will be 10 percent of total par value of the portfolio.

i. Student Loan Marketing Association

1. Maximum maturity of two (2) years.

- j. United States Treasury Bills, Notes, and Bonds
 - 1. Maximum maturity of two (2) years.
- k. United States Government Agency Securities
 - 1. Fannie Mae
 - 2. Federal Agricultural Mortgage Corporation
 - 3. Federal Farm Credit Bank
 - 4. Federal Home Loan Bank
 - 5. Federal Home Loan Mortgage Corporation
 - 6. Government National Mortgage Association
 - 7. Maximum maturity of two (2) years.

X COLLATERALIZATION

- c. Repurchase Agreements
 - 1. Transacted on a delivery versus payment basis, whereby the securities custodian will disburse cash for repurchase agreements only upon the receipt of the purchased securities.
 - 2. The purchased securities will be United States Treasury or United States government agency securities with a term to maturity not to exceed 10 years. The market value of the purchased securities must equal or exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly. If the value of the purchased securities should fall below 102 percent, the counterparty will be required to submit additional collateral to make up the deficit. The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase.

XXI SAFEKEEPING/CUSTODY AND DELIVERY

- a. Securities purchased by the State Treasurer for the LGIP, as well as collateral for repurchase agreements will be delivered against payment and held in a custodial safekeeping account with an approved financial institution acting as a third party custodian.
- b. The State Treasurer will periodically issue an RFP for Master Securities Custody Services, which will encompass the following functions:
 - 1. The settlement of all purchase, sales, and calls through the Federal Reserve System (Fed) or the Depository Trust Company (DTC).
 - 2. The collection and distribution of all interest payments.

3. The collection and distribution of all paydowns associated with collateralized mortgage obligations and asset-backed securities.
4. The receipt and disbursement of all repurchase agreement collateral.
5. The facilitation of all trading activity conducted by investment managers and the securities lending agent.
6. Providing daily accounting and bookkeeping of all investment accounts, weekly market evaluation of securities, and month end reports that show a detailed list of holdings with market evaluations.

XXII DIVERSIFICATION

- a. Securities held in the LGIP will be diversified to eliminate the risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The following diversification limitations shall be imposed:
 1. With the exception of United States Treasury securities, United States government agency securities, and repurchase agreements, no more than 20 percent of the total par value of the portfolio will be invested in a single security type.
 2. No more than 40 percent of the total par value of the portfolio will be invested in any combination of negotiable certificates of deposit, commercial paper, and corporate notes.

XXIII MATURITIES

- a. **Liquidity:** To the extent practical, investment maturities must match normal cash flow requirements of the participants. Portfolio management will require a continuous assessment of these needs for a 60 day period.
- b. **Market Risk:** Market risk relates to the constant price fluctuations of securities that may result in a loss to the LGIP if cash flow requirements force a premature sale.

Portfolio maturities must be structured to avoid the forced sale of securities in any but the most severe circumstances. The projection of a “Minimum Liquidity Requirement” will be enforced to ensure that money is available to meet the short-term operating needs of the participants.

- c. **Minimum Liquidity Requirement:** The total cash flow needed to fund anticipated LGIP obligations for a period of four (4) weeks. All securities included in this requirement must mature within 28 days.
- d. **Intermediate Market Investment:** That portion of LGIP money remaining after adherence to the “Minimum Liquidity Requirement” may be invested in the intermediate market, which would include securities maturing between zero (0) and two (2) years, provided that the average maturity of the portfolio does not exceed 150 days.

XXIV PERFORMANCE EVALUATION

The LGIP will be invested to attain a benchmark rate of return consistent with imbedded cash flow requirements and risk constraints, and dependent upon prevailing economic factors. The LGIP maintains a conservative, “buy and hold” investment strategy, which incorporates the matching of maturing securities to the cash requirements of the participants. Given this strategy, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved will be the three (3)-month United States Treasury bill yield. The comparison will be made on a weekly basis.

XXV ACCOUNTING AND REPORTING

- a. The State Treasurer will maintain a technologically sufficient investment system that will account for all investment transactions, produce detailed reports of securities holdings, calculate yield to maturity and average portfolio life, create securities amortizations, and calculate portfolio earnings.
- b. The investment system will also provide fund accounting capabilities which will track participant deposits and withdrawals, and which will calculate the distribution of interest earnings.
- c. The State Treasurer will provide each participant a monthly report which contains the following information:

1. Deposit or withdrawal by date.
 2. Beginning and ending balance.
 3. Interest earnings.
 4. Annualized gross and net yields.
 5. Administrative fee.
- d. Per NRS 355.045, the State Board of Finance will review the investment policies of the LGIP at least every four (4) months. The State Treasurer will submit a quarterly report which will contain the following information to permit an evaluation of the performance of the LGIP portfolio:
1. An overview of market and economic conditions for the quarter.
 2. The investment strategy used for investment of the portfolio.
 3. A list of securities holdings in the portfolio at quarter end that categorizes each type of security.
 4. Yield to maturity and average life of the portfolio at quarter end.
 5. Percentage allocation of securities by category.
 6. Dollar value earnings distribution for the quarter.
 7. Performance of the portfolio versus the selected benchmark.
- e. The report will allow the State Board of Finance to review investment results, provide suggestions for improved future performance, and to verify that investment staff has acted in accordance with investment policies and procedures.

XXVI YIELD CALCULATION AND EARNINGS

- a. Interest is distributed to participants monthly using the accrual basis of accounting, whereby income and expense items are recognized as they are earned or incurred, even though they may not have been actually received or paid.
- b. The SIA (Securities Industry Association) method of calculating yield is utilized. The yield is computed monthly on an annualized basis, using the amortized book value of the securities held in the portfolio. Yield is quoted both gross and net of administrative fees.
- c. Earnings composed of gains and losses are calculated and distributed in the month in which they were realized.
- d. Total earnings are apportioned to each LGIP sub-account on a pro-rata basis of each account's average weighted dollar days to the LGIP's total average weighted dollar days. (Dollar day = one (1) dollar in the account for one day.)

XXVIII INTERNAL CONTROLS

- a. A system of controls will be established by the State Treasurer to monitor investment transactions and associated activities. These controls are created to safeguard against fraud, investment staff error, or other actions that could result in a loss of local government money.

- b. The State Treasurer is subject to periodic audits by the Legislative Counsel Bureau that includes unscheduled cash and securities counts. An independent accounting firm, which will determine that investments are being made according to State statute, investment policy and procedures, and administrative regulations, will audit the LGIP annually.

XXVIII SECURITIES LENDING

In accordance with NRS 355.167(4), the State Treasurer may lend securities from the LGIP. The Securities Lending Policy is included in this policy as “Appendix A”.

XIX APPROVAL

This policy is approved by the State Board of Finance on:

Date:

Attested to by: _____
John E. Adkins
Chief Deputy Treasurer
Ex-Officio Secretary to the State Board of Finance

GLOSSARY

| | |
|---|---|
| ASSET- BACKED SECURITY (ABS) | A security backed by notes or receivables against assets other than real estate. Examples are automobiles and credit card receivables. |
| AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS | Broker/dealers and financial institutions approved by the State Treasurer to provide investment services. |
| BANKERS' ACCEPTANCES (BA) | Bankers' Acceptances are negotiable short-term financial instruments which are unconditional obligations of the accepting bank. They are issued on a discount basis. |
| BASIS POINT | 1/100 of one (1) percent. (decimally .0001) |
| BENCHMARK | A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments. |
| BROKER | A party who brings buyers and sellers together, and charges a commission for this service. |
| CERTIFICATE OF DEPOSIT (CD) | A negotiable time deposit issued by a bank in certificate form. A CD is issued with a specific maturity date and pays interest at maturity. |
| COLLATERAL | Securities or cash which a borrower pledges to secure repayment of a loan. |
| COLLATERALIZED MORTGAGE OBLIGATION (CMO) | A security which pools together mortgages and separates them into short, medium, and long-term "tranches". Tranches are set up to pay different rates of interest depending upon their maturity. Interest is usually received on a monthly basis. |
| COMMERCIAL PAPER (CP) | A short-term promissory note issued by a corporation. Commercial paper is issued on a discount basis and has specific maturity dates not to exceed 270 days. |
| CORPORATE NOTE | A negotiable security issued by a corporation. |

| | |
|--|---|
| CUSTODIAN | A financial institution approved by the State Treasurer to provide safe-keeping services with respect to securities and securities-related assets, and to provide other services which may include trade settlement, interest collection and transaction reporting. |
| DEALER | A firm or individual who buys and sells for his own account. |
| DELIVERY VS. PAYMENT (DVP) | The exchange of securities and cash at settlement date. |
| DISCOUNT BASIS | The price of a security expressed as an annualized rate of discount. Discounted securities are purchased at a dollar price below face value, and mature at face value. |
| DIVERSIFICATION | Allocating investment funds to a variety of securities to minimize market risk. |
| DURATION | The weighted average maturity of the security's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security, the greater it's percentage price volatility. |
| FAIR VALUE | The amount at which an investment can be exchanged between buyer and seller. |
| FANNIE MAE | Established by Congress in 1938 to provide liquidity to the mortgage market, especially the secondary market for residential mortgages. Legislation in 1968 transformed the agency into a publicly owned, privately managed corporation, but still required government regulation. Previously known as Federal National Mortgage Association. |
| FEDERAL AGRICULTURAL MORTGAGE CORPORATION (FARMERMAC) | A federally chartered agency of the United States. It was established to provide a secondary market for agricultural real estate mortgage loans. |
| FEDERAL FARM CREDIT BANK (FFCB) | The Federal Farm Credit Administration, a federal agency, is responsible for regulating the banks and associations which comprise the Federal Farm Credit System. This System provides credit solely to the United States agricultural sector. |
| FEDERAL FUNDS RATE | The interest rate charged by banks having excess reserves to banks needing the money to meet reserve requirements. |

| | |
|--|--|
| FEDERAL HOME LOAN BANK (FHLB) | The Federal Home Loan Bank Board, established by Congress in 1932, is comprised of 12 Federal Home Loan Banks. The Board is authorized to provide support and liquidity to savings and loans, banks, and insurance companies engaged in home financing. |
| FEDERAL HOME LOAN MORTGAGE CORPORATION (FREDDIEMAC) | Established by Congress in 1970 to enhance the liquidity of mortgage investments and to improve the distribution of investment capital available for home mortgage financing. Legislation in 1989 transformed the agency into a publicly owned, privately managed corporation, but still required government regulation. |
| GOVERNMENT AGENCIES | Refers to securities issued by agencies of the United States government and United States government sponsored enterprises. Securities issued range in maturity from overnight to longer than 10 years. Securities may be issued on a discount basis, or may be interest bearing. Agencies would include FARMERMAC, FFCB, FHLB, FREDDIEMAC, and FANNIEMAE. |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) | Established in 1986 to take over some of the functions performed by FNMA. GNMA is an agency controlled by the Department of Housing and Urban Development (HUD). GNMA is authorized to confer a full faith and credit guarantee of the United States government for the timely payment of both principal and interest on packages of mortgages it creates in its mortgage pass-through securities program. |
| LEGISLATIVE COUNSEL BUREAU (LCB) | Encompasses the lawmaking authority of the State of Nevada. It is empowered to enact the laws of the State and provides oversight of the executive and judicial branches of government through the budget and audit processes and reviews the regulations developed by State agencies. |
| LIQUIDITY | The capacity to meet future financial obligations from available resources. |
| LOCAL GOVERNMENT INVESTMENT POOL | A state investment program, usually administered by the State Treasurer, which manages the monies of local governments by using the pooling method. |
| MASTER REPURCHASE AGREEMENT | A written contract between the State Treasurer and an approved counterparty which details each party's obligations in a repurchase agreement transaction. Among other things, it will specify the right of the buyer to liquidate the underlying securities in the event of default by the seller. |
| MONEY MARKET FUNDS | A mutual fund that invest only in money market instruments, or those securities having a maturity of one (1) year and under. |

| | |
|--|--|
| NEVADA REVISED STATUTES (NRS) | The codified laws of the State of Nevada as enacted by the Legislature. |
| PAR VALUE | The principal amount a holder will receive at the maturity of an issue. |
| PORTFOLIO | A collection of securities held by an investor. |
| PREMIUM | The amount by which the market price of an issue exceeds face value. |
| PRUDENT PERSON RULE | An investment standard which may be adopted by an investment organization to guide those with the responsibility for the investment of money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. |
| RATINGS | The evaluation of an issuer's credit standing published by Moody's, Standard & Poors, Fitch or other rating services. |
| REPURCHASE AGREEMENT | A simultaneous sale of securities by a bank or broker/dealer with an agreement to repurchase those securities at an agreed upon date, and at an agreed-upon rate of interest. |
| SAFEKEEPING | A fee arrangement whereby an approved financial institution holds a customer's securities in its vaults, or in the case of book-entry securities, maintains a safe-keeping receipt recorded in the customer's name as evidence of ownership. |
| SECURITIES INDUSTRY ASSOCIATION | An organization which offers premiere educational programs to member securities firms. |
| STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE) | Established in 1972 by Congress as a publicly owned, government sponsored enterprise(GSE), created to provide liquidity for originators of student loans made under federally sponsored student loan programs. In 1997 shareholders voted to privatize Sallie Mae, although the GSE remains the obligor in all pre and post privatization public debt issued. |
| TIME CERTIFICATE OF DEPOSIT (TCD) | A non-negotiable financial instrument issued with a specific amount, rate and maturity date. |
| UNITED STATES TREASURY BILLS(T-BILLS) | A discounted security issued by the United States Treasury. T-bills are issued with maturities of three (3) and six (6) months. |

**UNITED STATES
TREASURY NOTES**

Interest-bearing securities issued by the United States Treasury. Notes are issued with maturities from two (2) to 10 years.

YIELD

The rate of annual return on an investment expressed as a percentage. **YIELD TO MATURITY** is the total money earned from investment date to maturity date assuming: 1) semi-annual interest payments, 2) interest is reinvested at same rate security was purchased at, and 3) the premium is subtracted or discount is added to final money.

STATE OF NEVADA
NVEST
(Local Government Pooled Long-Term Investment Account)
INVESTMENT POLICY
I. INTRODUCTION

A. The State of Nevada Local Government Pooled Long-Term Investment Account (“NVEST”) has been established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer, who, by the provisions of state statute, has adopted guidelines for the investment of these funds.

B. It is the intent of this policy to establish guidelines for the prudent investment of these funds

II. SCOPE

A. Any local government, as defined by Nevada Revised Statute **(NRS) 354.474**, may deposit its public monies into this account for purposes of investment.

B. The State Treasurer may establish one or more separate sub-accounts in the local government pooled long-term investment account for identified investments that are made for and allocated to specific participating local governments.

C. There will be a minimum account size of \$5 million.

D. A list of authorized local government persons who may transact on behalf of their NVEST account will be maintained by the State Treasurer and must be updated as warranted.

IV. OBJECTIVES

A. **Safety:** Safety of principal is the foremost objective of the NVEST investment accounts. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

B. **Return on Investments:** The NVEST account assets will be invested with the objective of obtaining an appropriate market rate of return in relation to the prevailing long-term fixed income environment.

V. PRUDENCE

A. The standard of prudence to be used for all investment activities shall be the following "prudent person" standard, as hereafter quoted, and shall be applied while conducting all investment transactions:

"Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

VI. AUTHORIZED INVESTMENTS

NRS 355.165 designates the legal investments for the local government pooled long-term investment account, including those legal investments designated in **NRS 355.165** and **NRS**

355.170. The State Treasurer, in accordance with the provisions of these statutes and this investment policy, is authorized to invest in:

A. United States Treasury Bills, Notes, and Bonds;

1. Maximum maturity of 10 years

B. United States Government Agency Securities;

1. Federal National Mortgage Association
2. Federal Home Loan Bank
3. Federal Farm Credit Bank
4. Federal Home Loan Mortgage Corporation
5. Student Loan Marketing Association
 - a. Maximum maturity of 10 years

C. Negotiable Certificates of Deposit;

1. Issued by commercial banks
2. Issued by insured savings and loan associations

D. Bankers' Acceptances;

1. Maximum maturity of 180 days
2. Rating must be A-1, P-1, or its equivalent or better

E. Collateralized Mortgage Obligation;

1. Rating must be "AAA", or its equivalent
2. Maximum maturity of ten years (maturity defined as date of final payment assuming zero prepayments)

F. Asset Backed Obligations;

1. Rating must be "AAA", or its equivalent

G. Commercial Paper;

1. Maximum maturity of 270 days
2. Rating must be A-1, P-1, or its equivalent or better
3. Aggregate book value may not exceed 20% of the total book value of the portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible

H. Corporate Bonds and Notes;

1. Maximum maturity of five years from the time of purchase
2. Rating must be A, or its equivalent or better
3. Aggregate book value may not exceed 20% of the total book value of the portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible.
4. Not more than 25% of these investments may be in notes, bonds, and other unconditional obligations issued by any one corporation

I. Repurchase Agreements;

1. Executed with a qualified counter party designated in advance by the State Treasurer.
 - a. Counter party means a bank which is organized and operating or licensed to operate in the United States under federal or state law or a securities dealer which is a registered broker/dealer, designated by the Federal Reserve Bank of New York as a "primary" dealer in United States government securities, and in full compliance with all applicable capital requirements.
2. A written master repurchase agreement in a form satisfactory to the State Treasurer is executed prior to entering into a repurchase agreement.
3. Maximum maturity of 90 days
4. Collateral requirements

J. Money Market Mutual Funds

1. Registered with the Securities and Exchange Commission
 2. Rating must be AAA or its equivalent
 3. Invests only in securities issued by the Federal Government, agencies of the Federal Government, or repurchase agreements fully collateralized by such securities
- *NOTE: As bond covenants may be more restrictive than the allowable securities in this policy, this fund may not be an appropriate investment vehicle for some bond proceeds.

VII. COLLATERALIZATION

A. The collateral for repurchase agreements shall be United States Treasury or United States government agency securities with a term of maturity of not more than ten years. The market value of purchased securities must be at least 102% of the repurchase price. At a minimum, the value of the securities must be marked-to-market on a weekly basis.

VIII. SAFEKEEPING/CUSTODY AND DELIVERY

A. Securities purchased for NVEST accounts, as well as collateral for repurchase agreements, shall be delivered against payment and held in a custodial safekeeping account with the trust department of a bank acting as a third party custodian.

1. The bank will be designated by the State Treasurer and all transactions will be evidenced by safekeeping receipts.

IX. MATURITIES

Funds may be invested in the intermediate market, defined herein as instruments maturing between zero and ten years provided that the average maturity of the portfolio does not exceed five years.

X. DIVERSIFICATION

A. Assets held in the NVEST accounts shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The following diversification limitations shall be imposed on the portfolio:

1. With the exception of United States Treasury and United States government agency securities, and repurchase agreements, no more than 20% of the total book value of the portfolio will be invested in a single security type.
2. No more than 30% of the total book value of the portfolio shall be invested in uninsured or uncollateralized securities (any combination of negotiable certificates of deposit and commercial paper.)

XI. PERFORMANCE STANDARD

A. The benchmarks utilized by the NVEST accounts will be as follows. This comparison will be made quarterly.

- Accounts with 1-2 year duration Merrill Lynch 1-3 year Treasury Index
- Accounts with 2-3 year duration Merrill Lynch 1-5 year Treasury Index
- Accounts 3+ year duration Lehman Brothers Intermediate
 Government/Corporate Index

Attachment F

SELECT NRS

NRS 355.060 Authorized and prohibited investments.

1. The State Controller shall notify the State Treasurer monthly of the amount of uninvested money in the State Permanent School Fund.

2. Whenever there is a sufficient amount of money for investment in the State Permanent School Fund, the State Treasurer shall proceed to negotiate for the investment of the money in:

(a) United States bonds.

(b) Obligations or certificates of the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks Funding Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States.

(c) Bonds of this state or of other states.

(d) Bonds of any county of the State of Nevada.

(e) United States treasury notes.

(f) Farm mortgage loans fully insured and guaranteed by the Farmers Home Administration of the United States Department of Agriculture.

(g) Loans at a rate of interest of not less than 6 percent per annum, secured by mortgage on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, of unexceptional title and free from all encumbrances.

(h) Money market mutual funds that:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as “AAA” or its equivalent; and

(3) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or instrumentalities, or in repurchase agreements that are fully collateralized by such securities.

(i) Common or preferred stock of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States, if:

(1) The stock of the corporation is:

(I) Listed on a national stock exchange; or

(II) Traded in the over-the-counter market, if the price quotations for the over-the-counter stock are quoted by the National Association of Securities Dealers Automated Quotations System (NASDAQ);

(2) The outstanding shares of the corporation have a total market value of not less than \$50,000,000;

(3) The maximum investment in stock is not greater than 50 percent of the book value of the total investments of the State Permanent School Fund;

(4) Except for investments made pursuant to paragraph (k), the amount of an investment in a single corporation is not greater than 3 percent of the book value of the assets of the State Permanent School Fund; and

(5) Except for investments made pursuant to paragraph (k), the total amount of shares owned by the State Permanent School Fund is not greater than 5 percent of the outstanding stock of a single corporation.

(j) A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission, either of which may be retained by the State Treasurer as an investment manager. The shares and the pooled or commingled fund must be held in trust. The total book value of an investment made under this paragraph must not at any time be greater than 5 percent of the total book value of all investments of the State Permanent School Fund.

(k) Mutual funds or common trust funds that consist of any combination of the investments listed in paragraphs (a) to (j), inclusive.

3. The State Treasurer shall not invest any money in the State Permanent School Fund pursuant to paragraph (i), (j) or (k) of subsection 2 unless the State Treasurer obtains a judicial determination that the proposed investment or category of investments will not violate the provisions of Section 9 of Article 8 of the Constitution of the State of Nevada. The State Treasurer shall contract for the services of independent contractors to manage any investments of the State Treasurer made pursuant to paragraph (i), (j) or (k) of subsection 2. The State Treasurer shall establish such criteria for the qualifications of such an independent contractor as are appropriate to ensure that each independent contractor has expertise in the management of such investments.

4. In addition to the investments authorized by subsection 2, the State Treasurer may make loans of money from the State Permanent School Fund to school districts pursuant to [NRS 387.526](#).

5. No part of the State Permanent School Fund may be invested pursuant to a reverse-repurchase agreement.

[Part 2:212:1917; A 1925, 221; 1919 RL p. 3146; NCL § 6963] + [2a:212:1917; added 1953, 304]—(NRS A 1969, 822; 1979, 724; 1989, 2178; 1991, 175; 1993, 2282; 1997, 2713, 2879; [1999, 599](#); [2001, 2291](#))

NRS 355.140 Authorized and prohibited investments of state money.

1. In addition to other investments provided for by a specific statute, the following bonds and other securities are proper and lawful investments of any of the money of this state, of its various departments, institutions and agencies, and of the State Insurance Fund:

- (a) Bonds and certificates of the United States;
- (b) Bonds, notes, debentures and loans if they are underwritten by or their payment is guaranteed by the United States;
- (c) Obligations or certificates of the United States Postal Service, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Agricultural Mortgage Corporation, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States;
- (d) Bonds of this state or other states of the Union;
- (e) Bonds of any county of this state or of other states;
- (f) Bonds of incorporated cities in this state or in other states of the Union, including special assessment district bonds if those bonds provide that any deficiencies in the proceeds to pay the bonds are to be paid from the general fund of the incorporated city;
- (g) General obligation bonds of irrigation districts and drainage districts in this state which are liens upon the property within those districts, if the value of the property is found by the board or commission making the investments to render the bonds financially sound over all other obligations of the districts;
- (h) Bonds of school districts within this state;
- (i) Bonds of any general improvement district whose population is 200,000 or more and which is situated in two or more counties of this state or of any other state, if:
 - (1) The bonds are general obligation bonds and constitute a lien upon the property within the district which is subject to taxation; and
 - (2) That property is of an assessed valuation of not less than five times the amount of the bonded indebtedness of the district;
- (j) Medium-term obligations for counties, cities and school districts authorized pursuant to [chapter 350](#) of NRS;
- (k) Loans bearing interest at a rate determined by the State Board of Finance when secured by first mortgages on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, and of unexceptional title and free from all encumbrances;
- (l) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds, debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, excluding such money thereof as has been received or which may be received hereafter from the Federal Government or received pursuant to some federal law which governs the investment thereof;
- (m) Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations;
- (n) Bankers' acceptances of the kind and maturities made eligible by law for rediscount with Federal Reserve banks or trust companies which are members of the Federal Reserve System, except that acceptances may not exceed 180 days' maturity, and may not, in aggregate value, exceed 20 percent of the total par value of the portfolio as determined on the date of purchase;
- (o) Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States that:
 - (1) At the time of purchase has a remaining term to maturity of not more than 270 days; and
 - (2) Is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,↪ except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total par value of the portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible;
- (p) Notes, bonds and other unconditional obligations for the payment of money, except certificates of deposit that do not qualify pursuant to paragraph (m), issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating in the United States that:
 - (1) Are purchased from a registered broker-dealer;
 - (2) At the time of purchase have a remaining term to maturity of not more than 5 years; and
 - (3) Are rated by a nationally recognized rating service as "A" or its equivalent, or better,↪ except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total par value of the portfolio, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible;
- (q) Money market mutual funds which:

- (1) Are registered with the Securities and Exchange Commission;
 - (2) Are rated by a nationally recognized rating service as “AAA” or its equivalent; and
 - (3) Invest only in securities issued by the Federal Government or agencies of the Federal Government or in repurchase agreements fully collateralized by such securities;
 - (r) Collateralized mortgage obligations that are rated by a nationally recognized rating service as “AAA” or its equivalent; and
 - (s) Asset-backed securities that are rated by a nationally recognized rating service as “AAA” or its equivalent.
2. Repurchase agreements are proper and lawful investments of money of the State and the State Insurance Fund for the purchase or sale of securities which are negotiable and of the types listed in subsection 1 if made in accordance with the following conditions:
- (a) The State Treasurer shall designate in advance and thereafter maintain a list of qualified counterparties which:
 - (1) Regularly provide audited and, if available, unaudited financial statements to the State Treasurer;
 - (2) The State Treasurer has determined to have adequate capitalization and earnings and appropriate assets to be highly credit worthy; and
 - (3) Have executed a written master repurchase agreement in a form satisfactory to the State Treasurer and the State Board of Finance pursuant to which all repurchase agreements are entered into. The master repurchase agreement must require the prompt delivery to the State Treasurer and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act, 11 U.S.C. §§ 101 et seq.
 - (b) In all repurchase agreements:
 - (1) At or before the time money to pay the purchase price is transferred, title to the purchased securities must be recorded in the name of the appointed custodian, or the purchased securities must be delivered with all appropriate, executed transfer instruments by physical delivery to the custodian;
 - (2) The State must enter into a written contract with the custodian appointed pursuant to subparagraph (1) which requires the custodian to:
 - (I) Disburse cash for repurchase agreements only upon receipt of the underlying securities;
 - (II) Notify the State when the securities are marked to the market if the required margin on the agreement is not maintained;
 - (III) Hold the securities separate from the assets of the custodian; and
 - (IV) Report periodically to the State concerning the market value of the securities;
 - (3) The market value of the purchased securities must exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly;
 - (4) The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase; and
 - (5) The purchased securities must not have a term to maturity at the time of purchase in excess of 10 years.
3. As used in subsection 2:
- (a) “Counterparty” means a bank organized and operating or licensed to operate in the United States pursuant to federal or state law or a securities dealer which is:
 - (1) A registered broker-dealer;
 - (2) Designated by the Federal Reserve Bank of New York as a “primary” dealer in United States government securities; and
 - (3) In full compliance with all applicable capital requirements.
 - (b) “Repurchase agreement” means a purchase of securities by the State or State Insurance Fund from a counterparty which commits to repurchase those securities or securities of the same issuer, description, issue date and maturity on or before a specified date for a specified price.
4. No money of this state may be invested pursuant to a reverse-repurchase agreement, except money invested pursuant to [chapter 286](#) of NRS.
- [1:191:1943; A 1951, 318; 1953, 38, 586; 1954, 5]—(NRS A 1959, 35, 423; 1967, 1712; 1971, 269; 1973, 16, 334, 1090; 1981, 489; 1983, 961; 1985, 353; 1989, 2178; 1991, 346, 471, 499; 1993, 2283; 1995, 167, 1820; 1997, 1282; [1999, 798, 1477, 1821; 2001, 2293](#))

NRS 355.165 Local Government Pooled Long-Term Investment Account: Creation; administration; applicability of [NRS 355.167](#); permissible investments; assessment of costs; computation of interest; establishment of subaccounts.

1. The Local Government Pooled Long-Term Investment Account is hereby created. The Account must be administered by the State Treasurer.

2. All of the provisions of [NRS 355.167](#) apply to the Local Government Pooled Long-Term Investment Account.

3. In addition to the investments which are permissible pursuant to subsection 3 of [NRS 355.167](#), the Treasurer may invest the money in the Local Government Pooled Long-Term Investment Account in:

(a) Mutual funds which:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated in the highest rating category by at least one nationally recognized rating service; and

(3) Invest only in securities issued by the Federal Government or agencies of the Federal Government or in repurchase agreements fully collateralized by such securities.

(b) An investment contract that is collateralized with securities issued by the Federal Government or agencies of the Federal Government if:

(1) The collateral has a market value of at least 102 percent of the amount invested and any accrued unpaid interest thereon;

(2) The Treasurer receives a security interest in the collateral that is fully perfected and the collateral is held in custody for the State by a third-party agent of the State which is a commercial bank authorized to exercise trust powers;

(3) The market value of the collateral is determined not less frequently than weekly and, if the ratio required by subparagraph (1) is not met, sufficient additional collateral is deposited with the agent of this state to meet that ratio within 2 business days after the determination; and

(4) The party with whom the investment contract is executed is a commercial bank or credit union, or that party or a guarantor of the performance of that party is:

(I) An insurance company which has a rating on its ability to pay claims of not less than "Aa2" by Moody's Investors Service, Inc., or "AA" by Standard and Poor's Ratings Services, or their equivalent; or

(II) An entity which has a credit rating on its outstanding long-term debt of not less than "A2" by Moody's Investors Service, Inc., or "A" by Standard and Poor's Ratings Services, or their equivalent.

4. In addition to the reasonable charges against the Account which the State Treasurer may assess pursuant to subsection 8 of [NRS 355.167](#), the State Treasurer may, in the case of a local government pooled long-term investment account, assess the costs:

(a) Associated with a calculation of any rebate of arbitrage profits which is required to be paid to the Federal Government by 26 U.S.C. § 148; and

(b) Of contracting with qualified persons to assist in the:

(1) Calculation of any rebate of arbitrage profits which is required to be paid to the Federal Government by 26 U.S.C. § 148; and

(2) Administration of the Account.

5. In addition to the quarterly computations of interest to be reinvested for or paid to each participating local government pursuant to subsection 9 of [NRS 355.167](#), the State Treasurer may, in the case of a local government pooled long-term investment account, compute and reinvest or pay the interest more frequently. He may also base his computations on the amount of interest accrued rather than the amount received.

6. The Treasurer may establish one or more separate subaccounts in the Local Government Pooled Long-Term Investment Account for identified investments that are made for and allocated to specific participating local governments.

(Added to NRS by 1993, 257; A 1997, 2879; [1999, 1480](#))

NRS 355.170 Authorized investments; disposition of interest.

1. Except as otherwise provided in this section and [NRS 354.750](#) and [355.171](#), the governing body of a local government may purchase for investment the following securities and no others:

(a) Bonds and debentures of the United States, the maturity dates of which do not extend more than 10 years after the date of purchase.

(b) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds, debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

(c) Bills and notes of the United States Treasury, the maturity date of which is not more than 10 years after the date of purchase.

(d) Obligations of an agency or instrumentality of the United States of America or a corporation sponsored by the government, the maturity date of which is not more than 10 years after the date of purchase.

(e) Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations.

(f) Securities which have been expressly authorized as investments for local governments by any provision of Nevada Revised Statutes or by any special law.

(g) Nonnegotiable certificates of deposit issued by insured commercial banks, insured credit unions or insured savings and loan associations, except certificates that are not within the limits of insurance provided by an instrumentality of the United States, unless those certificates are collateralized in the same manner as is required for uninsured deposits by a county treasurer pursuant to [NRS 356.133](#). For the purposes of this paragraph, any reference in [NRS 356.133](#) to a "county treasurer" or "board of county commissioners" shall be deemed to refer to the appropriate financial officer or governing body of the local government purchasing the certificates.

(h) Subject to the limitations contained in [NRS 355.177](#), negotiable notes medium-term obligations issued by local governments of the State of Nevada pursuant to [NRS 350.087](#) to [350.095](#), inclusive.

(i) Bankers' acceptances of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, and generally accepted by banks or trust companies which are members of the Federal Reserve System. Eligible bankers' acceptances may not exceed 180 days' maturity. Purchases of bankers' acceptances may not exceed 20 percent of the money available to a local government for investment as determined on the date of purchase.

(j) Obligations of state and local governments if:

(1) The interest on the obligation is exempt from gross income for federal income tax purposes; and

(2) The obligation has been rated "A" or higher by one or more nationally recognized bond credit rating agencies.

(k) Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States that:

(1) Is purchased from a registered broker-dealer;

(2) At the time of purchase has a remaining term to maturity of no more than 270 days; and

(3) Is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,

↪ except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible.

(l) Money market mutual funds which:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in:

(I) Securities issued by the Federal Government or agencies of the Federal Government;

(II) Master notes, bank notes or other short-term commercial paper rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States; or

(III) Repurchase agreements that are fully collateralized by the obligations described in sub-subparagraphs (I) and

(II).

(m) Obligations of the Federal Agricultural Mortgage Corporation.

2. Repurchase agreements are proper and lawful investments of money of a governing body of a local government for the purchase or sale of securities which are negotiable and of the types listed in subsection 1 if made in accordance with the following conditions:

(a) The governing body of the local government shall designate in advance and thereafter maintain a list of qualified counterparties which:

(1) Regularly provide audited and, if available, unaudited financial statements;

(2) The governing body of the local government has determined to have adequate capitalization and earnings and appropriate assets to be highly creditworthy; and

(3) Have executed a written master repurchase agreement in a form satisfactory to the governing body of the local government pursuant to which all repurchase agreements are entered into. The master repurchase agreement must require the prompt delivery to the governing body of the local government and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act.

(b) In all repurchase agreements:

(1) At or before the time money to pay the purchase price is transferred, title to the purchased securities must be recorded in the name of the appointed custodian, or the purchased securities must be delivered with all appropriate, executed transfer instruments by physical delivery to the custodian;

(2) The governing body of the local government must enter a written contract with the custodian appointed pursuant to subparagraph (1) which requires the custodian to:

(I) Disburse cash for repurchase agreements only upon receipt of the underlying securities;

(II) Notify the governing body of the local government when the securities are marked to the market if the required margin on the agreement is not maintained;

(III) Hold the securities separate from the assets of the custodian; and

(IV) Report periodically to the governing body of the local government concerning the market value of the securities;

(3) The market value of the purchased securities must exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly;

(4) The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase; and

(5) The purchased securities must not have a term to maturity at the time of purchase in excess of 10 years.

3. The securities described in paragraphs (a), (b) and (c) of subsection 1 and the repurchase agreements described in subsection 2 may be purchased when, in the opinion of the governing body of the local government, there is sufficient money in any fund of the local government to purchase those securities and the purchase will not result in the impairment of the fund for the purposes for which it was created.

4. When the governing body of the local government has determined that there is available money in any fund or funds for the purchase of bonds as set out in subsection 1 or 2, those purchases may be made and the bonds paid for out of any one or more of the funds, but the bonds must be credited to the funds in the amounts purchased, and the money received from the redemption of the bonds, as and when redeemed, must go back into the fund or funds from which the purchase money was taken originally.

5. Any interest earned on money invested pursuant to subsection 3, may, at the discretion of the governing body of the local government, be credited to the fund from which the principal was taken or to the general fund of the local government.

6. The governing body of a local government may invest any money apportioned into funds and not invested pursuant to subsection 3 and any money not apportioned into funds in bills and notes of the United States Treasury, the maturity date of which is not more than 1 year after the date of investment. These investments must be considered as cash for accounting purposes, and all the interest earned on them must be credited to the general fund of the local government.

7. This section does not authorize the investment of money administered pursuant to a contract, debenture agreement or grant in a manner not authorized by the terms of the contract, agreement or grant.

8. As used in this section:

(a) "Counterparty" means a bank organized and operating or licensed to operate in the United States pursuant to federal or state law or a securities dealer which is:

(1) A registered broker-dealer;

(2) Designated by the Federal Reserve Bank of New York as a "primary" dealer in United States government securities; and

(3) In full compliance with all applicable capital requirements.

(b) "Local government" has the meaning ascribed to it in [NRS 354.474](#).

(c) "Repurchase agreement" means a purchase of securities by the governing body of a local government from a counterparty which commits to repurchase those securities or securities of the same issuer, description, issue date and maturity on or before a specified date for a specified price.

[1:95:1945; 1943 NCL § 1987.01] + [2:95:1945; 1943 NCL § 1987.02]—(NRS A 1959, 36, 424; 1967, 275; 1969, 1087; 1971, 270; 1973, 1091; 1975, 268; 1979, 448, 1887; 1985, 2110; 1989, 1260; 1991, 106, 341, 343; 1993, 211, 2286, 2289; 1995, 1823; [1999, 1481](#); [2001, 598](#), [2296](#), [2327](#); [2003, 162](#); [2003, 20th Special Session, 281](#))